



FALLING IN LOVE WITH YOUR FIRST-PARTY DATA



The Customer-Centric Imperative

Peter Drucker once famously said, “The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.” These words have never been more relevant than in today’s digital age, where a deep understanding of customer behavior and preferences is essential for businesses to deliver personalized experiences that customers expect.

However, the abundance of data generated by modern marketing technologies often creates a paradox: while data is plentiful, actionable insights remain elusive.

The Challenge of Data Silos - Marketers often struggle to unify customer data from various sources, such as CRMs, email marketing platforms and social media channels. This fragmented view of the customer hinders the development of cohesive customer profiles and delivering tailored experiences. A Forrester study discovered that companies fail to make a holistic view of the customer as they cannot effectively manage, collaborate, analyze and act on the data they possess.¹ As a result, businesses miss opportunities to increase customer satisfaction, drive revenue growth and build long-lasting customer relationships.

The heavy reliance and subsequent gradual withdrawal of third-party cookies have further exacerbated the challenge, emphasizing the need for first-party data strategies.

First-party data is an invaluable asset generated directly through customer interactions with a brand. Unlike third-party data, which is subject to fluctuations in accuracy and availability, first-party data provides a direct, reliable and deep understanding of customer behavior. By owning and controlling their first-party data, businesses can cultivate stronger customer relationships, deliver highly personalized experiences, and confidently make data-driven decisions. Consequently, they can enhance customer

retention and reduce acquisition costs, making them a valuable asset in today’s digital landscape. It is worth remembering that the cost of acquiring new customers can be five to seven times that of retaining an old one.²

With the salience of first-party data unequivocally established, it is essential to delve into Customer Data Platforms (CDPs), the marketers’ weapons against fragmented data.

Gartner defines CDPs as software applications that support marketing and customer experience use cases by unifying a company’s customer data from marketing and other channels.³ A CDP enables marketers to construct comprehensive customer profiles, streamline operations and drive more effective and personalized marketing campaigns. A McKinsey study showed that personalization can slash customer acquisition costs by 50%, lift revenue by 5-15% and supercharge marketing ROI by 10-30%.⁴

In short, CDP seems to be a viable option for marketers.

This paper explores the critical role of CDPs in transforming fragmented data landscapes into unified, actionable insights that can present better business outcomes.

¹ [Data Practices Opportunity Snapshot-Forrester.pdf \(ctfassets.net\)](#)

² [Customer Retention Versus Customer Acquisition \(forbes.com\)](#)

³ [Best Customer Data Platforms Reviews 2024 | Gartner Peer Insights](#)

⁴ [What is personalization? | McKinsey](#)

Building the Case for CDP - A First-Party Data-Driven Solution

The digital advertising landscape is undergoing a significant transformation. Leading browsers like Firefox, Safari and Chrome are phasing out third-party cookies, diminishing the effectiveness of traditional methods that rely on third-party data for ad targeting and campaign measurement. There are added constraints from data privacy regulations such as GDPR and CCPA that require companies to obtain explicit user consent for cookie tracking. These developments have significantly hampered the ability to effectively target and measure advertising campaigns.

CDPs emerge as a critical solution in this evolving environment. CDPs empower marketers to build a unified customer view by leveraging first-party data collected directly from customer interactions. This first-party data provides a more dependable and privacy-compliant alternative to third-party cookies and includes the following:

- **Behavioral data**, such as actions performed on a website, interactions in an app, and conversations via live chat or digital assistants.
- **Transactional data** that covers a customer's purchase and returns history and payment methods used.
- **Demographic data** encompasses an individual's name, address and social security details.

The growing need for a single source of truth for customer information drives the CDP market. Valued at \$1.75 billion in 2022, it is set to reach about \$10 billion in 2030 at a CAGR of 24.4%.⁵

Before delving into CDP, it's vital to understand the differences between CDP, Data Management Platforms (DMP) and CRM solutions as they deal with similar kinds of data yet play different roles.

⁵ [Customer Data Platform Market Size | Growth Report \[2030\] \(fortunebusinessinsights.com\)](#)



Laying out the differences in data-intensive systems

CDP and DMP

While CDPs and DMPs play crucial roles in the marketing technology stack, they serve distinct purposes centered on data. Here's a breakdown of three key differences:

- **Data Source:** CDPs prioritize first-party data collected directly from customer interactions, enabling a detailed, individual-level understanding of customers. DMPs, on the other hand, use second-party and third-party data purchased from different companies or aggregated from various sources, making it less granular and focused on broader audience segments.
- **Data Identity:** CDPs can handle identifiable personal data, connecting customer information across touchpoints and building a unified customer profile. DMPs, however, usually depersonalize data, making it difficult to pinpoint specific individuals.
- **Data Retention:** CDPs store data for extended periods, allowing for a deeper understanding of customer behavior over time. DMPs typically have a shorter data retention window, often around 90 days, making them suitable for immediate campaign targeting and activation.

CDPs and CRMs

While CDPs and CRMs deal with customer data, their purposes differ significantly.

- **Focus:** CRMs are designed to manage the sales process. They collect customer contact information, interaction history and deal pipeline data, which sales teams primarily use to nurture leads and close deals. CRMs serve as a compilation of a company's interactions and engagements with customers and potential clients.
- **Data Scope:** CDPs, in contrast, focus on marketing efforts. They aggregate data from various sources beyond sales interactions to build a holistic view of the customer. This empowers marketers to deliver targeted and personalized experiences across channels.

Understanding these distinctions empowers a company to tap into the strengths of each platform for a more effective marketing strategy. It is now relevant to discuss a vital trend shaping CDPs' trajectory.



Role of Artificial Intelligence (AI) in CDP

As in other areas, AI is poised to revolutionize the CDP landscape.

Here's how AI will transform CDPs and empower marketers:

Granular Customer Segmentation: AI excels at processing and analyzing massive customer datasets. This allows it to identify patterns and correlations that might be missed by manual analysis. Consequently, AI-powered CDPs can generate highly dynamic and granular customer segments. These segments go beyond basic demographics, considering past behavior, preferences, and real-time interactions. This empowers CMOs to execute highly targeted marketing campaigns that resonate with specific customer groups, improving conversion rates.

Predictive Customer Insights: AI unlocks the power of predictive analytics within CDPs. By analyzing vast amounts of data, AI can predict customer behavior more accurately. This enables marketers to anticipate churn risk, identify

purchase intent, and understand product preferences at an individual level. Proactive marketing strategies can then be implemented to retain at-risk customers, trigger timely promotions for interested individuals and personalize product recommendations.

AI-Powered Sentiment Analysis: CDPs integrated with AI can delve deeper into customer sentiment. AI algorithms can analyze various data points, including click-through rates, content consumption patterns, historical preferences for offers, customer reviews, social media interactions, and even customer service interactions. By processing this extensive data, AI can accurately gauge customer sentiment towards your brand, products, and services. This real-time sentiment analysis empowers marketers to identify areas of improvement, address customer concerns promptly, and personalize marketing messaging based on positive or negative sentiment.

Infosys Charts a Course with CDP: A Journey of Integration and Activation

Infosys' adoption of a CDP involved a strategic, multi-stage process designed to exploit the potential of first-party data. Here's a breakdown of the critical phases:

- **Data Collection and Integration:** The initial focus was centralizing relevant first-party data into a unified repository. This involved extracting customer information from diverse sources like CRM systems, marketing automation platforms, Account-Based Marketing tools, owned media platforms (including social media) and the core MarTech stack.
- **Data Organization and Governance:** The next step involved data profiling and identity resolution. Unique identifiers were used across platforms to convert anonymous profiles into known customer profiles. Data quality became a priority, with efforts focusing on identifying and correcting missing or incomplete information, eliminating duplicates, and validating data accuracy. This meticulous process resulted in a cleansed and unified dataset encompassing 13 million records (over 35GB of data) that adhered to data privacy regulations.

- **Data Synthesis and Identity Resolution:** This stage focused on enriching customer profiles by merging data from various sources and linking it to individual customers. This process, known as identity resolution or data unification, expanded customer information and provided deeper insights. For Infosys, this involved collating data on user behavior, engagement patterns, search keywords, and topics of interest.
- **Data Enrichment and Activation:** The final phase involved transforming the data into a format actionable for various marketing initiatives. Infosys utilized the CDP to generate 113 distinct audience clusters readily available for targeted marketing campaigns.

Looking Ahead: Infosys' CDP roadmap envisions further harnessing the power of AI to enable real-time customer scoring, personalized topic recommendations and the identification of synthetic or behavioral profile characteristics. Additionally, AI deployment will empower marketers to create custom data transformation rules, further enhancing flexibility, agility, and control over data quality.

Conclusion: CDPs - Orchestrating the Future of Marketing

With the advent of AI, enterprises are grappling with how to build an enterprise-wide AI strategy. Infosys recommends consolidating enterprise data, processes and people in a central repository. A robust CDP can integrate first-, second-, and third-party data into a unified customer profile, empowering organizations to gain a 360-degree view of their customers.

CDPs are not just the latest marketing technology fad; they represent a fundamental shift in how businesses approach customer relationships. A comprehensive understanding facilitates personalized experiences, optimized marketing campaigns and improved decision-making. Moreover, CDPs are crucial in ensuring data governance, privacy compliance, and consent management for omnichannel marketing, mitigating risks associated with data utilization.

However, the future of CDPs extends beyond marketing. As customer data becomes the lifeblood of any organization, CDPs can serve as a central nervous system, facilitating collaboration between marketing, sales, and customer service teams. This integrated approach will ensure a consistent and personalized customer journey at every touchpoint.

At the same time, the ethical and responsible use of customer data remains paramount. The more CDPs become sophisticated, so too must the focus on data privacy and security. Building trust and transparency with customers will be a critical success factor.

In conclusion, CDPs are poised to redefine the future of marketing and customer engagement. By harnessing the power of data and AI, businesses can create a future where marketing resonates with every customer. The question is not whether to adopt a CDP but how to use its capabilities to build a future of truly customer-centric marketing.

Interested in learning how AI can revolutionize CDP? Reach out to infosysaster@infosys.com for more information.

For more information, contact askus@infosys.com



© 2024 Infosys Limited, Bengaluru, India. All Rights Reserved. Infosys believes the information in this document is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of other companies to the trademarks, product names and such other intellectual property rights mentioned in this document. Except as expressly permitted, neither this documentation nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printing, photocopying, recording or otherwise, without the prior permission of Infosys Limited and/ or any named intellectual property rights holders under this document.

[Infosys.com](https://www.infosys.com) | NYSE: INFY

Stay Connected   