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CDP VS. CRM

What's the difference

and how can the two work together

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Setting the scene

When it comes to delivering experiences that turn one-off stays into repeat visits, data is a must-have. To build loyalty, your front-line staff needs recent and accurate information, available quickly at their fingertips. Marketing and sales teams also need data to do their jobs; from pipeline tracking to optimizing marketing spend, data is critical to success.

To collect this data and get it into the hands of staff, the customer relationship management, or CRM, has traditionally been the heart of the operation. It's been a shared source of truth, relied on by any department that deals directly with guests. Over the past few years, a second data-focused technology has become more commonplace: the customer data platform, or CDP, which is a data layer that bridges across your entire operation.

This new addition to the acronym jargon can be confusing. It's no surprise that these two technologies are easily mistaken for one other. They both focus on collecting, managing, and using customer data to improve operations, marketing and sales. While there are certainly overlaps, a few essential differences make these two tools a must-have in any hotel marketing tech stack.

With that in mind, let's compare customer data platforms with customer relationship management tools so that you can get a solid grasp on how both fit into your hotel's technology needs.
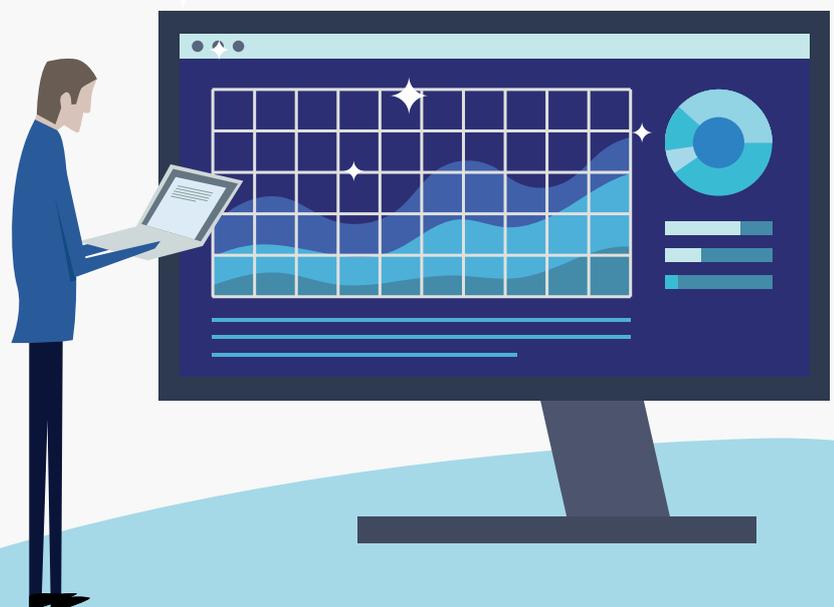
What's the difference between a CDP and a CRM?

The main difference between a CDP and CRM is right there in the name: a CDP manages customer data, and a CRM manages customer relationships. Of course, a CRM also collects customer data in its role as the go-to tool for customer-facing operations. It's the single source of truth that allows your front-line staff to deliver memorable experiences based on past behavior and current preferences.

When implemented, the CDP becomes the single source of truth across your entire operation. It's the data foundation for all of your technologies, processes, and teams, as the CDP aggregates internal and external data and transforms that data into a standardized format that can be shared across applications. It builds its customer profiles from your hotel's tools, such as your booking engine, website, email platform, marketing automation tool, and revenue management software, as well as external data from social media, OTAs, and market trends.

For a deep dive into customer data platforms, check out our guide here.

The CDP then standardizes and normalizes all of this data so that your various technologies can plug into the CDP to stay current. It's a two-way stream of information, keeping everything that's connected to the CDP in sync. Since this is automated in near-real-time, you'll no longer rely on manual updates to sync information in different places -- or experience mismatched information that limits your ability to personalize and optimize marketing at scale.

Your CRM plugs into your CDP so that its data can be synchronized and shared. Your CRM can then be enriched with whatever data sources you choose to connect into the CDP. This process makes your CRM more powerful, and able to accommodate new ways of working, marketing, and serving your guests.

CDP vs CRM

	CDP	CRM
What is it?	A standardized and normalized data layer across touchpoints	A centralized hub for logging interactions to foster relationships with new and past customers
What's it for?	Unify fragmented customer data	Manage your customer relationships
Why?	To understand your customers and their journeys so you can make data-driven decisions	To understand your customers and their journeys so you can make data-driven decisions
Level of automation	Fully automated	Manual entry with some automation
Implementation timeline	Requires some infrastructure tweaks to ensure everything is connected properly	Relatively fast, with easier integration into rest of operation

How does a CDP and CRM work together at your hotel?

Your CDP doesn't replace your CRM. In fact, it augments your CRM's capabilities in a few powerful ways.
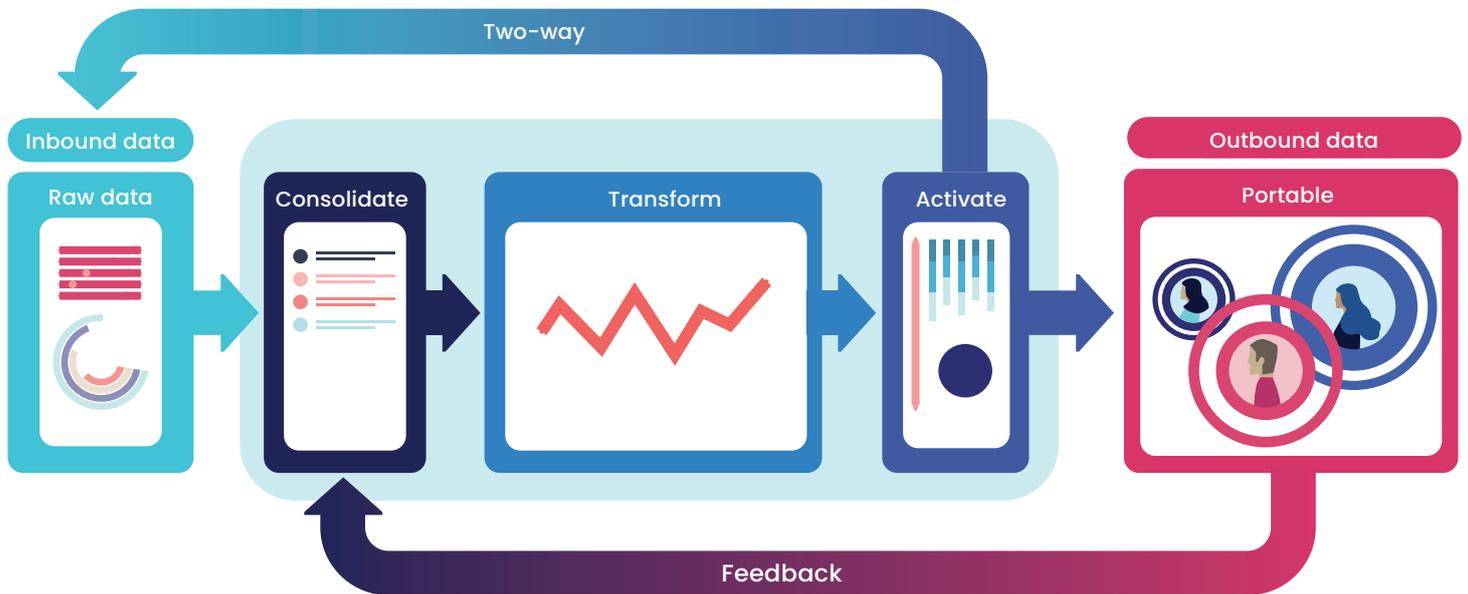
You'll notice a thread: it's all about the dynamic augmentation of each customer touchpoint. Your CRM allows you to optimize the guest experience on-property and within the loyalty loop; a CDP amplifies that capability with its unified view of your customer journey.

1. BETTER PERSONALIZATION WITH DYNAMIC CONTENT

By personalizing marketing communications based on inputs from across your operation, you can optimize conversions with dynamic content that's more relevant to an individual. It's the holy grail of 1:1 marketing.

The value of relevant, personalized communications is measurable. All you need to do is run a simple A/B experiment: as a control, use a generic abandoned cart email that simply asks the guests to finish the booking. As the variable, build a dynamic abandoned cart email that pulls in the specific image of the

room that's in the abandoned cart. Then, measure the difference in conversion rate and correlate it with booking value to calculate revenue lift. These CDP-enabled experiments with dynamic content will augment your CRM capabilities so that you can do more with the data you already have.

Improved personalization also impacts sales, as your events team can use data beyond the customer profile to estimate costs and build proposals that are both profitable and primed to convert.
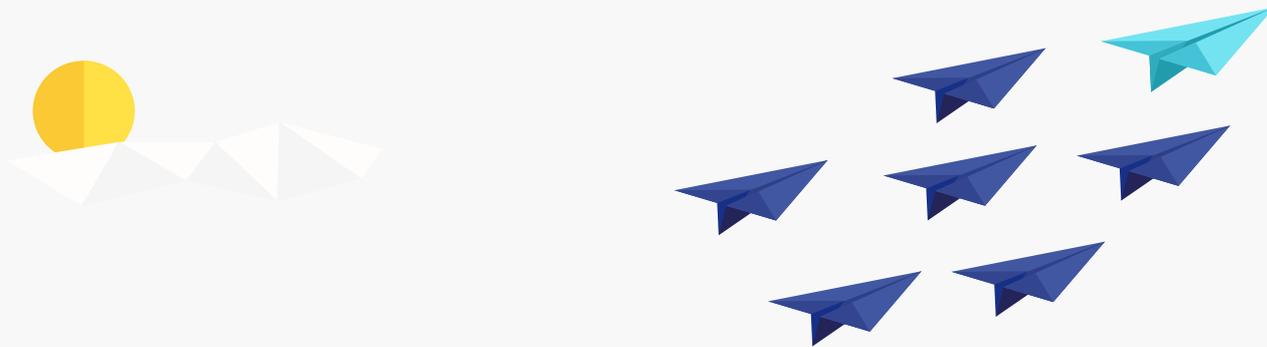
2. MORE ROBUST SEGMENTATION

Your CDP tells you which ads are engaging which demographics. You can then use that information to refine your segmentation around which demographics are interested in specific offers. This optimized segmentation happens in near-real-time, updating as customers interact on your website and across your various marketing and distribution channels.

One way to do that is to connect your CRM and your CDP to automatically import a segment of your best guests (the ones that spend the most at your hotel) into your advertising platforms to build custom audiences. As your CRM updates with your best guests' latest lifetime values, you can sync your segmentation dynamically. That way, your marketing is optimized for continuous targeting of your ideal customers.

## 3. A FULLER PICTURE OF YOUR CUSTOMER JOURNEY

Your CRM does a fantastic job at showing you everything you know about your guest relationships. Unfortunately, it generally starts at the first booking, which doesn't include the complete path to purchase before that booking, and usually doesn't include touchpoints a customer may have had in between stays.
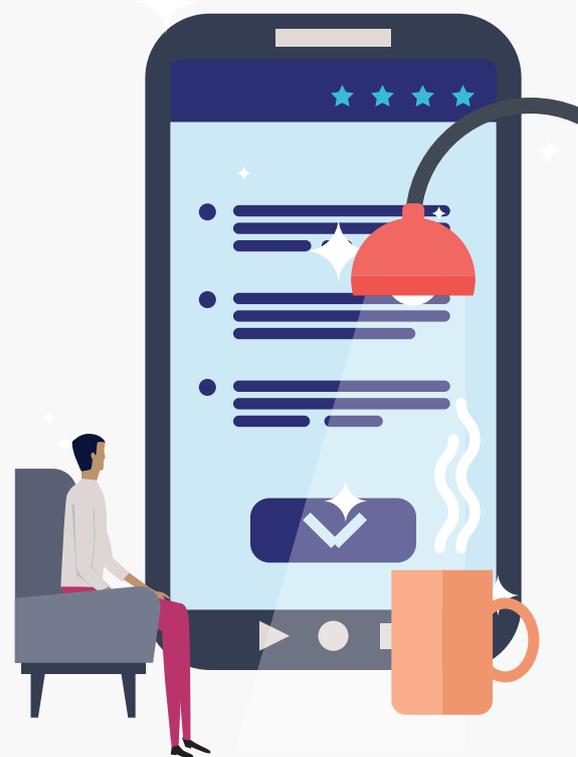
Let's say that a customer clicks on a Facebook ad to reach a specific offer for a romantic weekend getaway. Then, they sign up for an email newsletter with a CTA of "Get the Best Deals." Eventually, after opening your newsletter six times, they finally book a single night stay. Your CRM logs that information without necessarily showing the entire purchase path.

By connecting your CDP and CRM, you're able to augment your customer understanding so that you could personalize the email newsletter based on which ad the guest clicked. Then, a customer might only need to open one email to convert -- and you may end up selling a larger value package.

A CDP gives you new ways to connect the dots across the customer journey as well. You could recognize guests that may not be loyal to the hotel as an overnight guest but of its F&B outlets. When these types of frequent diners check into your hotel for the first time, you can recognize them and push to deepen that relationship.
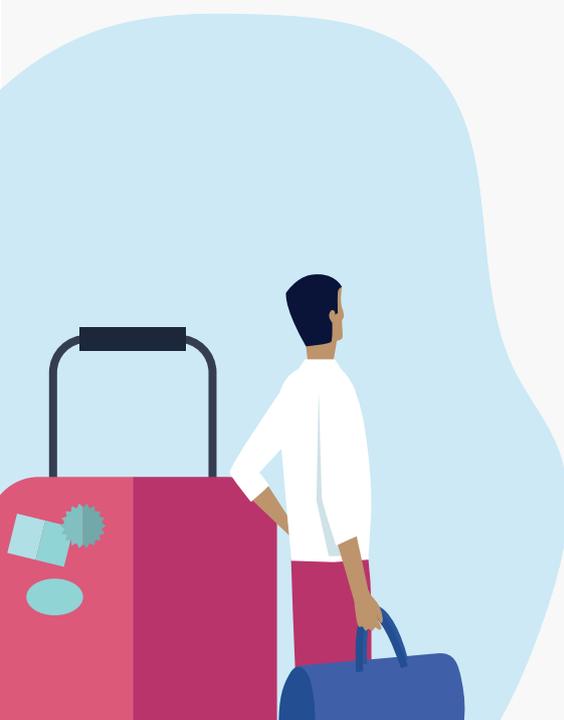
4. CLEAN DATA EVERYWHERE

Another major benefit of a CDP is the multiple ways of delivering clean, consolidated data across your organization.

No matter where the touchpoint -- whether a data warehouse, a third-party service provider or an internal department -- a CDP ensures that the same data ends up in each touchpoint. This means that you're able to build a data journey that matches your guest journey precisely and without redundancy. It future-proofs your tech stack so that your CRM can continue to be the central source of guest information while still operating flawlessly with tools you use today -- and those you'll use in the future.

Clean, synced data also means new recognition opportunities. Imagine that an in-demand local wedding planner has just arrived at your front desk. His book of business could be worth six figures or more. Yet his profile is siloed in your Sales and Catering system and your front desk isn't aware of that status. The missed chance to recognize a valuable business partner could be a serious threat to future business opportunities!

Ultimately, it comes down to improved visibility and alignment across teams. With these insights, every single team can make better decisions that are informed by data.

- Your marketing department understands which ads and offers work best.

- Revenue sees which rates trigger purchase intent from which segments.

- Front-line ops have a CRM with the most comprehensive guest profiles possible.

- Leadership has a clear picture of customer acquisition cost and guest lifetime value.

It's kind of like an orchestra, with the CDP as the conductor: everything in harmony, synchronized and working together towards a common goal. And, like a good conductor, a CDP can integrate new players into your tech stack in a way that's difficult for more traditional tools. Since the data layer is standardized, it's much easier to add new tools that support emerging customer experiences – including things that you may not even envision in your current tech stack.
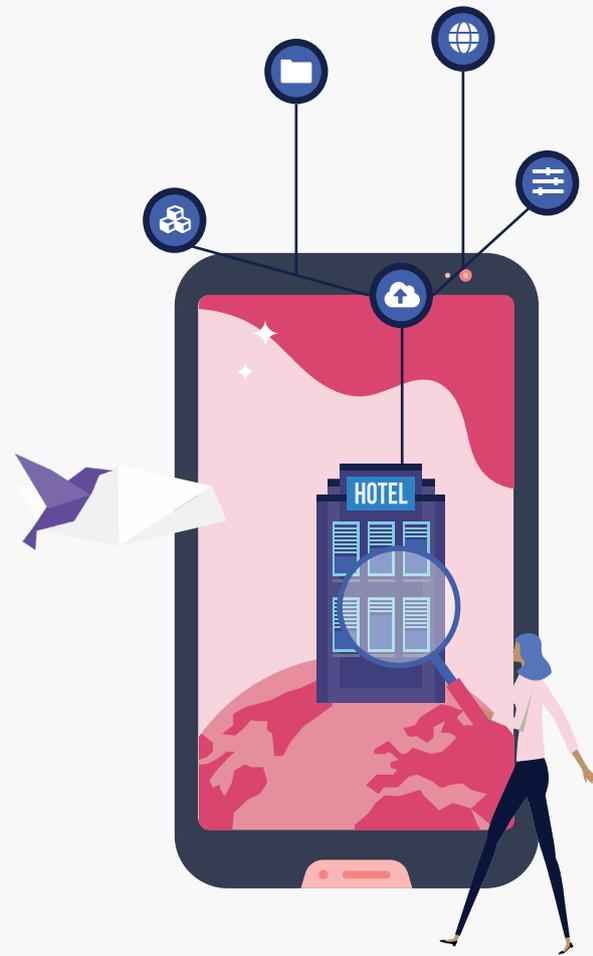
CDP or CRM: Which one is right for your hotel?

For most hotels, it's not an either/or decision. Even smaller hotels and independents can benefit from the CDP's data layer. Since they serve different purposes, hotels of all sizes can combine the data-driven decision making enabled via the CDP with the CRM's rich guest profiles to enhance the guest experience, optimize marketing spend, and operate more efficiently.

If you find yourself struggling to keep data consistent across tools and channels, or maintaining accurate guest profiles, then you may benefit from a customer data platform. With everything in sync, you'll not only reduce frustrations across teams but also improve collaboration and cohesiveness. You'll have a leaner operation that makes more money with less effort - all while serving guests the seamless experiences they expect from your hotel.
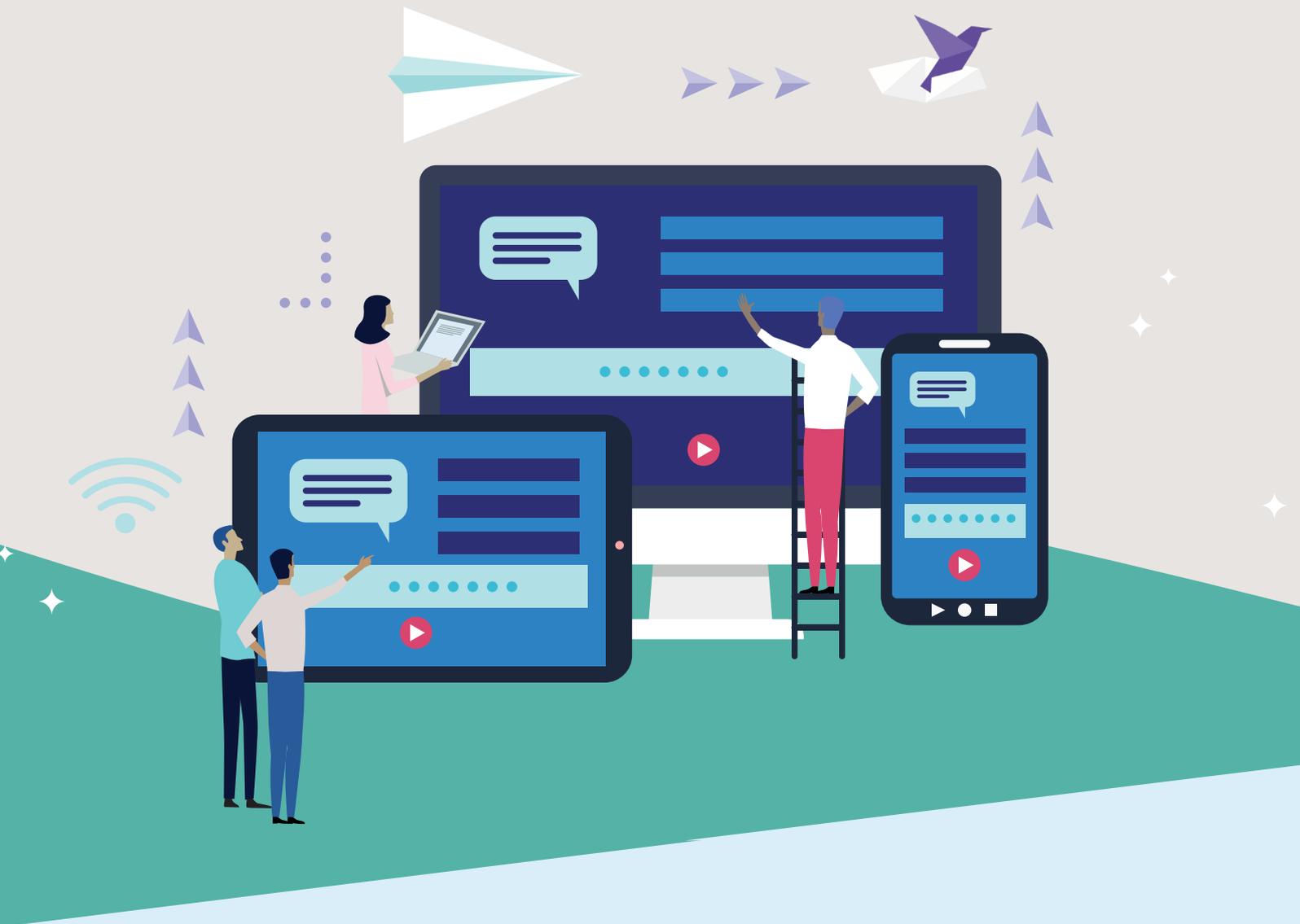
If you'd like more information about Cendyn's CDP, Starling, contact us today at info@cendyn.com or

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