Introduction:

The way in which companies interact with their customers has changed dramatically over the past few years. A customer's initial purchases and continuing business are no longer guaranteed. As a result, companies have found that they need to understand their customers better, and to quickly respond to their wants and needs (Berson, 2000). There are differences between customers, and companies need to understand those differences in order to capture and retain the most valuable relationships.

One method for helping a company decide how best to select and interact with customers is to collect and analyze vast amounts of information about people's preferences. The detection and use of statistically relevant patterns to build models that predict customer behavior is the process of "data mining". For a data mining process to be successful, database marketers must first identify market segments containing customers or prospects with high-profit potential. They then build and execute campaigns that favorably impact the behavior of these individuals (Thearling, 2001). This paper will discuss how data mining was employed to customize offerings for goods and services to the paper's author during recent weeks.

Transactions:

This student has made some dramatic life changes (improvements) during recent weeks, leading to a flood of in-person and Internet transactions, thereby providing a treasure trove of information for those entities that monitor customer data. Because of the vastly increased influx of inquiries from solicitors representing widely diverse markets, it would seem that there are myriad touchpoints whereby information is exchanged between databases.

For example:

- Having recently married and put my spouse's home on the market (yes, the real estate market in the San Francisco Bay area is indeed experiencing a significant downturn), our mailbox is overflowing with solicitations for products and services ranging from estate planning to ocean cruises. It is obvious that public records were gleaned by data gatherers, who in turn provisioned the information to their clients, who were the ultimate solicitors for our business.

- After undertaking educational programs at Norwich and Stanford, my e-mail inbox suddenly began receiving several educational notices each week from other institutions. Allowing that privacy policies prevent the institutions themselves from distributing the facts of my enrollment, it must be assumed that it was the financial transactions — by way of my bank and/or credit card company — that were mined.

- The closure of an investment account represented a loss of business for one financial institution and the concurrent opportunity for others, which prompted persuasion efforts by numerous investment firms. Whenever significant funds are shifted, flags are triggered throughout the entire consumer financial computer network, directing promotional activity designed to encourage the investment of a customer's funds.

- Similarly, application was made for a major purchase, involving a credit check. Shortly thereafter, solicitations were received from a number of lending institutions. Credit bureaus routinely sell data about the nature of credit checks on persons who meet certain criteria to banks and credit unions who may wish to compete for whatever loan the individual is seeking.

- Several associates and I formed a limited liability company this month, and the State's commerce department Web site was used to register the new entity. As the registering

agent, my name is recorded as the managing member. Within the week, the mailbox at the address of record was overflowing with offers for business-related services, as well as for office supplies and furnishing.

Upon just a few moments' reflection, the avalanche of marketing materials received as a result of data mining can be traced back to even the most mundane of our everyday activities:

- Purchasing concert tickets online triggers playbills for the opera and ballet seasons.

- Using a credit card at a steakhouse leads to an offer for a dining coupon book.

- Taking a golf lesson means that my wife and I now receive irresistible e-mail offers to purchase chic sports attire (for her) and must-have new clubs (for me).

- Purchasing prescriptions and grooming products online has resulted in a bevy of offers for products that are too embarrassing to discuss.

- Finally, replacing my cherished but much abused clunky old cell phone with something much smaller than my gnarled fingers and aged eyes can even begin to negotiate, has brought forth a veritable army of peddlers, mostly from competing service providers, but also from satellite television companies, and consumer electronics distributors.

Conclusion:

As demonstrated by the numerous ways companies have marketed to this paper's author during recent weeks, employing data mining techniques of tracking customer transactions and analyzing the statistical models for anticipated behavior, companies are able to deliver timely, pertinent, and coordinated messages and value propositions to customers and prospects.

References:

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