

Knowing your customers 1

A

Data and databases

'Hi, I'm John. I'm head of data management at a big supermarket chain. Customers can get money back by using our loyalty card when they go shopping. Loyalty cards allow customers to collect points that can be redeemed against future purchases, either with us, or with other retailers in the same scheme. This gives us masses of data about our customers, which we then hold on our database. We can follow what each of our customers buys, and enrich the database with this information.'



B

Data mining

'Of course, with all the information we have on our computers in our data warehouses, powerful computers are needed to analyze it. This analysis is called data mining. We look for particular patterns in consumer behaviour. The data can be used to target particular types of customer. We build consumer profiles. For example, if someone has bought wine in the past, special offers are sent to them so they get reduced prices on future purchases of wine.'

There are issues of privacy and confidentiality that we have to be careful about – customers have the right to check the information that we hold about them. We must be careful to obey the law on data protection.'

BrE behaviour;
AmE behavior

LEMONADE	€1.1
* STILL WATER	€0.90
* WINE (RED)	€6.80
* JUICE (ORANGE)	€1.25
JUICE (APPLE)	€

C

Customer relationship management

'All this is part of the wider picture of customer relationship management (CRM) – getting to know your customers. Dealing with them as individuals is our ultimate goal, but we are still a long way from this ideal of one-to-one marketing.'

This has also been described as segment-of-one marketing. The computer maker Dell may be on its way to this ideal – it puts together its products according to the specifications of individual customers in a process of mass customization.'