

## HOW IS MARKETING BRIDGED TO DATA MINING?



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The bridge between marketing and data mining exists and can be used when you  
1) have masses of data of your clients at hands (habits, attitudes, interests, needs, purchases etc.),  
2) want to analyze these data for your marketing purposes.

This bridge has only recently become possible because of the rather new development of so-called cloud computing. Now it's a trend. Before this digital revolution happened it was impossible to connect and use the computational power of a big number of disconnected individual computers. The cloud, if being widely used instead of single-computer storage (which is the case today), works like one big computer giant. So, in the cloud millions of data are stored and can meet, so to speak. They can be selected according to special variables, they can be counted, merged and connected etc. They can be condensed and organized as typologies.

Who is interested in that and why? Data mining knowledge is useful for 'designing' marketing tools and strategies on the basis of complex and detailed data. The data contain information about clients, their preferences concerning goods and services, brands, purchases and re-purchasing of goods, home and household investment purchases, consumer credits etc. Consumers, real clients, can be made transparent today because 1) they deliver and offer traits of behavioral data, which 2) are apt to be analyzed by computational processing.

By observing the real developments in this field one can see, however, that the IT world and the business and marketing world, both are engaged in this job, are increasingly separated. Computer engineers and marketing professionals cannot communicate in a common language. In practice this leads to cooperative models of two organizational units differentiated inside a company, or, more often, even externalized. Data mining based marketing is far from being an easy-going undertaking.

Cars are a good example for data mining in marketing. Cars are relatively expensive yet widespread quasi-investment goods in consumption. It's important to know how often a new car is bought; whether the clients change the size of the next

car or even the firm/brand; how the car is paid for: is it paid cash or by credit? or by a leasing contract? Which finance firms (banks) are used? How many cars are bought and used in one household? At what age do youngsters buy or get their first car? Do male and female partners in a household buy similar or different cars – maybe from different companies? Is there a tendency to convertibles; to SUVs? What about the preference concerning fuel (diesel? gaz? e-cars?). Questions like that, and more of that kind, can be put and in fact are put by the car industry companies who aim at keeping their clients and want to prevent them from switching to other firms. Car companies observe their clients very carefully. During the life-time of a car they receive many behavioral data e.g. by service inspections if done by the retail companies in their workshops (which is convenient in Germany).

Many big car producers, those of luxury cars in particular (Mercedes-Benz, BMW, Volvo, Jaguar, Jeep ...), regularly accompany their clients all the time throughout they drive their cars e.g. by providing them with a regular journal, offering them new models after a couple of years or new credit possibilities adapted to their income etc. Many car producers are running credit banks or leasing firms of their own (e.g. Ford, VW) which helps keeping clients in-house – and also produces additional data useful for marketing strategies.

There is a vast amount of data existent ‘in the cloud’. Data mining enables the creation of individual profiles, of course. This, however, is not in the focus of marketing use. Marketing is interested in data of classes or categories of people which are clients or which could or should become clients. How can clients be served better? How can they be ‘upgraded’ to regular clients? How can new clients be attracted? When and why do clients change to other, competing firms? Questions of this kind are put and tried to be answered by data mining procedures which can deliver many and connected social data profiles.