

Business Intelligence from Social Media

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MKT 625 – Marketing Management

Exam 2

Knowledge is...well...money

Given the need for understanding the trends and patterns exhibited in data, utilizing the data in a way that can provide a competitive edge is vital. Three particular products or opportunities for this need are systems to store the data, systems to warehouse the data, and systems to mine the data for analysis and decision making. Data storage is a well understood concept of the use of computer systems to store customer information and transactions as well as other business related data. However, data in a data warehouse is different than the data stored by point-of-sale systems.

There's gold in them data

"A data warehouse is a copy of transaction data specifically structured for querying, analysis, and reporting" (Marakas, 2003, p.5). Therefore, the information that is stored within a warehouse has been extracted, transformed, and loaded from the various enterprise data stores and prepared for reporting and analysis.

Data mining is "the set of activities used to find new, hidden, or unexpected patterns in data" (Marakas, 2003, p.71). It is data mining that provides the business with the intelligence it needs; Hence the term "Business Intelligence (BI)."

In addition to traditional customer data, Business Intelligence provided by mined and analyzed data from Social Media sites such as Facebook has the potential as a competitive edge in creating better value for the customer and decision making for businesses. The growth of such sites as Facebook and Twitter has been rapid. Given the internet and the ever growing amount of recorded user-based information, being able to analyze this user generated and driven data to produce more intelligent decisions is vital.

Retailers as the Target Market for BI

While advertisement firms are scrambling to utilize the recorded search words and user click patterns, a particular market opportunity for user generated data is retail businesses.

Retailers can and should take full advantage of the knowledge that this data can provide. Retailers can also make immediate decisions by monitoring foot traffic within their brick and mortar locations via point-of-sale data (Weil, 2009).

What are the segmenting factors?

Although not a traditional market segment, this student discovered that the retailer's data, analysis tools, and analysis expertise were the most important segments for BI

gathered from Social media. The challenge for retailers today is to acquire and share the appropriate data to strengthen the bond between the seller and the customer.

While historical customer data is helpful to some extent in understanding customer needs, a true understanding of what drives customer loyalty will occur only when front-line employees are trained, empowered and provided with the technical tools to capture the nuances of customer behavior. (Intelligent Merchandising Part One, 2007, p.9)

Moreover, another segmenting factor concerning retailers is the retailer size, specifically large, medium, or small (SAP for Retail, 2009). For the purpose of this paper, the medium sized retailer will be considered.

Knowledge Discovery from the Data

Being able to predict customer choices is a much better determinant of product sales than reacting to historic data or customer feedback. "Market research shows that anticipating customer needs is a better predictor of success than merely responding to what customers say they want." (Intelligent Merchandising Part Two, 2007, p. 4)

Traditional face-to-face discussion with customers is still a good data gathering mechanism from which to gather BI.

A team of about a dozen Pantaloon employees visit the company's stores and other places such as temples and schools, to speak to customers about their shopping needs and buying preferences. They address such questions as what products certain types of people have bought and when, the reasons for their purchases and what they thought about their shopping experiences (Intelligent Merchandising Part Two, 2007, p. 8)

The majority of retailers, however, are still struggling with inadequate technology and the difficulty of hiring and training competent in-store salespeople. (Intelligent Merchandising: Creating a Unique Shopping Experience, Part Two, 2007, p. 11)

In whatever manner the customer centric data is collected, from user generated social media sites or by face-to-face contact, having the proper technical tools to store, mine, and visualize the data is the difference between success and failure. (Intelligent Merchandising: Part Three, 2007, p.8)

Social Media – Rich Data

Social media sites provide rich information for retailer's determination and use of customer segments. Each particular segment will now be considered.

The first customer segment is demographic. Social media sites by design contain specific demographic variables that are readily available to retailers. Also given the rich information that is shared on social media sites, more than just hard numbers are available. For example, in addition to family size, users share detail on social web sites about family members.

The next segment is geographic. Not only is the location of the user's residence recorded, social sites contain data about the user's friends and family locations.

The psychographic segment is a segmentation variable where social media site data are beneficial. Users provide not only specific desires; they also share the rationale for their desires. For example, a user shares a recent music purchase and also the reasons for the music purchase with friends on the site.

The final segmentation is behavioristic. Here is a segmentation variable where social media site data are beneficial. Given that social media sites contain both pre and post purchase discussions with other users, it is a rich source of user recorded behavior cause and effect, both which are provided by the user of the media.

Within the above segments the type of data is varied. The data consists of terms used in searches on social sites, patterns of site click throughs, or word usage/patterns in status messages or e-mails. The fact that it is directly generated by the user in communication with others means it is genuine and valuable.

The Firm

An existing firm that might pursue the above opportunity of providing data mining tools for BI is IBM with its recent Retail Business Intelligence Solution (RBIS) product. The rationale for selecting IBM RBIS is that it is poised to utilize external data sources in addition to internal sales and supply chain information (IBM Retail Business Intelligence Solution, 2009, p. 2). Also, it provides a single view of truth for the retailer even though the "truth" changes second by second (IBM Retail Business Intelligence Solution, 2009, p. 4). Unlike other BI products, RBIS does not require a "rip and replace" approach but unites existing assets and staff skills (IBM Retail Business Intelligence Solution, 2009, p. 4). Moreover, RBIS is geared to open industry standards and will not lock you into a particular technology platform and therefore gives you the most flexible options (IBM Retail Business Intelligence Solution, 2009, p. 4). RBIS provides real-time monitoring and analysis to respond to fast-changing trends (IBM Retail Business Intelligence Solution, 2009, p. 6). Finally, RBIS can help retailers provide value to their supply chain:

Armed with the RBIS and its diverse array of capabilities, retailers can actually develop unique “brands” of knowledge and extend their value far beyond their own enterprises. For example, a company might share information with its suppliers on the varying performance of the suppliers’ marketing programs among customers with different demographic profiles. This, in turn, enables the retailer to turn its supplier relationships into true partnerships, and provide the foundation for mutually productive team efforts and collaborations. (IBM Retail Business Intelligence Solution, 2009, p.7).

The “Social” in Social Media

An added advantage would be to be able to import and analyze data from social media sources such as Facebook and/or Twitter. The rise of social media has been phenomenal as customers continue to use it to share information with friends, family, and associates. In the last month, February 2009, Facebook has increased by over 4 million users in the United States alone (Facebook Demographic Statistics, 2009). Moreover, the latest numbers from Nielsen Online indicate that Twitter grew 1382% year-over-year in February 2009, registering a total of just more than 7 million new users (Ostrow, 2009).

Not only can social media be a source of data concerning customer buzz, it also is a mechanism for the customer to assume the Public Relations department role and frame the brand according to their perceptions. “Remember, a brand isn't what you say it is -- it's what they say it is” (Cuzzillo, 2009). A case in point is a Youtube video shot by an ordinary consumer produced from their hand-held Palm Treo. It was posted January 27, 2009 and as of March 14, 2009 it has had 317, 757 views (see <http://www.youtube.com/watch?v=OdB7GDZY3Pk>). The cost to the consumer who created it?—their time. As one can see, companies need to understand what consumers are saying, reading, and hearing from other social media users about them.

Existing brands are using social media outlets to build following, communicate with customers, and target niche markets (Cahill, 2009). Because the user data from social media is so dynamic enabling the build of social graphs, the information gathered at such sites as Facebook is richer than search sites such as Google (Farber, 2007).

Positioning Statement

Considering the customer target, competitive framework, value proposition to the customer, and the reason for the customer to believe in the product, here is the Positioning Statement:

Task	Focus	Positioning Item
Convince	Medium-sized Retail Businesses	Customer Target
In the context of other alternatives	Other CRM and BI applications	Competitive Framework
That they will receive the benefits	<ul style="list-style-type: none"> Easier integration with existing data sources Out-of-the-box analysis options for front-line staff 	Value Proposition
Because we have the capabilities	<ul style="list-style-type: none"> By combining historic customer data and data in real-time and driven by the user from various social media sites, a rich repository of information is available. Also, the fact that the analysis algorithms are optimized for a fast return of results this provides decisioning information right to the retailer's desktop. 	Reason to Believe

Psychology and Characteristics Integral to Decision Making

The first psychological attribute is motivation. When looking at Maslow's Hierarchy of Needs, a basic need of safety comes into play in the competitive retail market. Retailers sense that unless they utilize every available tool, they will be left behind. Therefore, being able to supply rich business intelligence about customers along with the tools to analyze the data and provide decision making information, RBIS could provide a greater sense of security and confidence to the retailer.

The next is learning. Both cognitive and affective learning aspects of retailers can be leveraged in the sale of the BI system in that businesses already understand that they need and lack a more intimate customer data. When retailers see the results the analysis can provide and experience the empowerment that is possible, the potential for a sale should increase dramatically.

The final psychological attribute is attitude. As stated previously both cognitive and affective levels of the retailers attitudes can be utilized in the sale of the BI system. Moreover, the behavior intent, as a result of the BI system's use will encourage a modification in the retailer's actions. Concerning consumer characteristics, social media deals with each in that its use and effect is cultural, personal, and obviously personal.

Branding for Success

Concerning branding, first the BI tool could be utilized to collect and assess the existing customer perceptions via existing social media sites such as blogs, Facebook, Twitter, etc. Then, once this information is analyzed the retailer will have a more informed

approach to building brand equity. Then, by leveraging both traditional marketing venues and the viral effects of social media outlets, the retailer can create expectations of the experiences and relationships that the retailer wants to communicate and foster to and among their target market(s).

VALS Survey Segmentation Group

Taking the survey showed me that my primary VALS type is Thinker and my secondary type is Innovator (see Appendix A). How closely do I “fit” the profile? According to the survey, the Thinker type is “...motivated by ideals.” Moreover, they are, “...reflective people who value order, knowledge, and responsibility.” That is me! Also I think I “...actively seek out information in the decision-making process.” Finally, I think I share with other thinkers that I am “...alert to opportunities to broaden their knowledge.” Also concerning being an Innovator, I am “...most receptive to new ideas and technologies.” One might ask, “Could a marketer considering the implementation of this opportunity integrate these characterizations in a marketing strategy? In my view the answer is an emphatic yes! Given that Thinkers are reflective and actively seek out information, the use of a BI system to provide them a competitive edge would be a natural fit. Also, this tool could not only increase customer value and satisfaction it would appeal to a thinker’s “opportunities to broaden their knowledge.”

Finally, if the retailer was a VALS secondary type of Innovator, appealing to their receptiveness to new ideas and technologies would be a way to interest them in the effectiveness of a BI system that leverages both retail-produced customer information and rich, user-generated data from social media.

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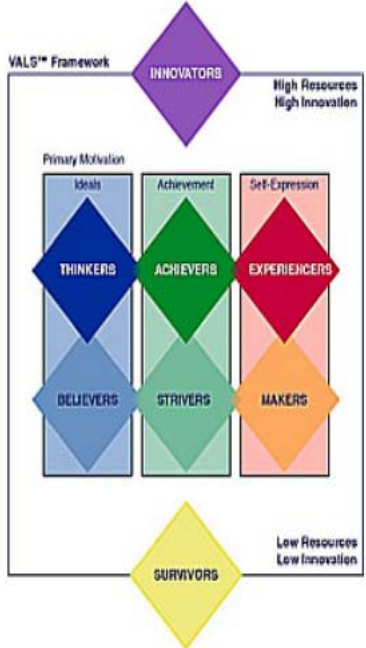


Thinker/Innovator

Your primary VALS type is **Thinker**, and your secondary type is **Innovator**.

The primary VALS type represents your dominant approach to life. The secondary classification represents a particular emphasis you give to your dominant approach.

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