



*We Share Our Knowledge*

**Article no. 21**

**Increasing Customer Value by  
Integrating Data Mining &  
Campaign Management  
Technologies**

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## 1. Background

Until not too long ago, campaign management and data mining were two different fields, evolving in two different directions. However, with new technological developments, we are witnessing better results by integrating the two and using them together.

This article will review the nature and the advantage of integrating data mining software with campaign management (CM) techniques.

## 2. Introduction

The main objectives for any organization attempting to increase its revenues are a combination of identifying segments with a potential for high profitability, with planning and launching a campaign that will affect each individual within those segments.

In the past, information analyses and behavior pattern identification processes were manually stored in campaign management systems. Today, however, the combination between these and the data mining systems enables us to feed the information directly into the CM system, a fact that significantly lessens the Time-to-Market, while reducing costs of resources and human-errors.

## 3. Data Mining and Its Functions

The data mining process is very simple – it automatically detects consumer behavior patterns recorded in the database.

Data mining is aimed to help marketing teams improve their understanding of their customers' behavior, thus indirectly assisting in accurately targeting campaigns towards the customers' needs, wants and preferences.

As long as the necessary information is registered in the database, this process can create a model based on any customer's activity, the key being recognizing relevant patterns of existing business obstacles. This process can provide answers to many questions, such as:

- Which customers are more likely to abandon the service provided?
- Which customers are more likely to consent to a certain marketing offer?
- Etc.

Answers to such questions can help the organization retain its customer base and increase response rates to a certain campaign, thus boosting sales and improving ROI.

The forecast provided by the data-mining model is usually called Rating and/or Scoring. Those are usually comprised of a numerical value assigned to a certain customer registered in the database, indicating the probability of this customer behaving according to a certain pattern ascertained by the model.

## 4. The Role of Campaign Management Systems

CM systems are currently used by organizations as a key channel for direct marketing activities.

These systems enable the organization to manage and monitor all communications with the customer, in a variety of channels, such as direct mail, telemarketing, service centers, points of sales and distribution, emails and the company's website.

Campaign management comprises planning, launching, evaluation and perfecting of dozens and even hundreds of multi-segmented campaigns, and can be operated monthly, weekly, or daily, collectively or individually.

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Moreover, CM systems can launch campaign in response to customer behavior.

For instance, opening a new bank account will launch a campaign directed at the new customer, recommending a special benefit offered to new account owners only.

Such campaigns are called Trigger Based Campaigns.

By correctly using the TBC technique, marketing managers are able to automatically detect customers' activities and react immediately with a preset offer, which includes a marketing message and/or an incentive for the customer to continue working with the organization.

By monitoring customer responses according to preset measures of customer behavior, the CM system offers better and more accurate support for the profitability and ROI rating of all marketing campaigns in real time.

## 5. Integrating Data Mining and Campaign Management Technologies

The better the cooperation between these two technologies is, the better business results are there for the organization.

Nowadays, CM systems use scoring provided at the beginning of the data mining process, aimed to pinpoint the campaign's target market, thus facilitating increased response rates and campaign effectiveness. In the past, CM models were used manually, which increased operative complexity and required IT resources.

The way to overcome these obstacles is by properly integrating between the data mining and the campaign management technologies. The combined usage of the two enables the organization to avoid unnecessary scoring on one hand, and to create a model per each database on the other hand.

## 6. The process of integrating the two technologies consists of 2 stages:

1. Creating the model – constructing a model based on the information produced in the data mining process. This model is usually separate from the campaign planning process. The complexity of model creation depends on different factors, such as: database volume, number of known variables per customer, type of data mining algorithms used, and the analyst's experience and background with such models. In order to effectively integrate the model with the CM system, the interaction between the two systems should begin when a satisfactory model is established. The factor responsible for creating the model exports it to the CM system. This action can be accomplished very easily. It's as simple as dragging and dropping the information from one program to the other. The exporting process indicates to the CM system that a model has been created and is available for use from now on. The model becomes an available and accessible object in the CM system.
2. Dynamically scoring the information – the scoring process enables us to rate a certain segment that the CM system has dynamically defined beforehand. The scoring process rates the relevant customer segments within the database, only as previously defined, and only when the system is required to do so. As these technologies enable the organization to avoid manual storing and to only score relevant segments, time spans required to complete the process are dramatically reduced, and the automatic process guarantees immediate and updated results. As soon as the model is fed into the organization's CM system, each user can begin planning marketing campaigns, by using and applying the system to this predictive model.

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## 7. Conclusion

The integration between data mining and campaign management systems provides marketing managers with an effective, practical tool, enabling them to launch more targeted and more successful marketing campaigns.

Additionally, this combination of technologies facilitates cost reduction and better chances of reaching the customers before the competitors do, and presenting them with personalized offers most suitable for their needs.

The incorporation of the two systems greatly contributes to the organization's relative advantage by enabling it to significantly reduce Time-to-Market, while considerably lowering operation costs.

## About Synergy

**Synergy** is an international consulting company, specializing in Analytical CRM solutions.

**Synergy** offers marketing oriented business ventures, formed by a team of leading local and international industry experts.

**Synergy** aims to provide its customers with the ability of acquiring commercial advantages by informative analysis of their customers' shopping data.

**Synergy** has vast experience in working with leading commercial organizations, both locally and internationally, and its clientele includes foremost industry leaders in the communications, financial and retail fields.

For more information, visit our website at: [www.il-synergy.com](http://www.il-synergy.com), or email us at: [info@il-synergy.com](mailto:info@il-synergy.com).

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