Data Mining by Amazon

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Abstract- A method of knowledge discovery in which data is analyzed from various perspectives and then summarized to extract useful information is called data mining. This information is then used to increase the company revenues and decrease costs to a significant level. The companies who give utmost importance to customer satisfaction use data mining approach for various financial, communication, marketing and retail functions. Social marketers can identify their customer habits earlier than competitors through the patterns and relations in buying behavior.

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Introduction

The data mining software is available in market to help people analyze the data from various aspects, categories are made and then relationships are identified. It is a useful technique to summarize the information among databases at large extent. It helps the organization to identify the relationship between the internal and external factors affecting the marketing sales, profits and customer satisfaction. This approach is very useful for marketing as it helps retailer to check the sales record of purchases and give promotion to customer reviewing his purchase history. The warranty card data can be used for creating promotion strategies to attract more customers. It thus increases customer loyalty and profitability of company.

Data Mining by Amazon: A secret weapon of Marketing

Having millions of customers throughout the world, Amazon is greatest online store offering amazing products and services online. They have marvelous customer database and are using this data to build strong relationships with their customers. By analyzing and summarizing the useful information about customers, they design their strategies regarding promotions and products enhancements. It has incorporated the concept of data mining from supply chain to marketing operations (Dholakia,2013). Amazon also uses data mining for marketing of their products in various aspects to have a competitive advantage. Customers want personalization from the companies they are purchasing products mostly online companies due to increased interventions of social media.

Providing the targeted information to the customer service representative dealing with particular customer is an opportunity needed to be developed. If employees have the right tools to access the required information while dealing with customer it will save lots of time and leave a great impression on the customer. At Amazon the customer representatives have access to complete customer data and can analyze the

problem and discuss as soon as get call from customer. The customers will feel comfortable and relaxed that they knew his problem. Smart retailers as amazon make effective use of data gathered through effective sources and use the outcomes more reasonably. Also the customers have control over information they want to share or not. This gives them a sense of ownership and control.

Customer data has become a way of building strong brands and customer loyalty through effective data mining. Every customer is treated as individual and given priority. They feel comfortable with service interacting with them if they are getting control and transparency. The marketers get information with every click. The customer purchase history at amazon helps them to identify customer preferences and choices (Clufia,Bunzel&Snnuggs.2014). They then conduct the advertising campaign according to the customer choice. The movement of social data is much faster than manual data and is uploaded automatically. The behavior patterns are studied in identifying the marketing channels and making the marketing strategies accordingly.

Basket Analysis by Amazon

One approach used is called basket analysis through which the customer behavior is predicted with past performance depending on the purchases and preference. Customer use credit cards in online shopping mostly. Credit card data is used to evaluate the customer behavior through credit limit, interest rates and terms. This data can also be used to identify frauds in online transactions. For example Amazon suggests customers to purchase the products on basis of their previous purchases. So it knows what customers is trying to purchase by analyzing customer need.

Remote computing Service by Amazon

This is done by identifying and evaluating customer wants through effective research and providing them what they desire for. Their marketing strategy designed through data mining focus on three things:

- Customers care about price and discounts. Amazon has focused on offering cost competitive products to customers. Customers enjoy a reliable experience while shopping at Amazon. This is done through setting fixed cost for large inventory and customers.

- Customers are provided with wishlists, recommendations and search the product facilities. They can go for delivery on same day by putting orders anytime.

- Offering a wide range of products, they are not only retailers but act as platform for buyers and sellers. Their services are available 24 hours and in operating condition. Their marketing efforts have given them revenue projections which cannot be seen anywhere. The email measurement and management is fully automated where customer inboxes are managed so that they do not receive too much or too little promotional offers. The customers who have same product searches are linked together to identify average behavior (Meadows,2013). The data is managed so efficiently that individual customer gets unique recommendation based on his purchase history. Sponsored links are also available on site which is bought on cost per click basis. Amazon has introduced its name in market through predictive marketing. Creating a commercial portrait of each customer, the company has got success by predicting customer future purchases. It's just taking a chance and building strong customer relations. The needed changes and adjustments are made on amazon on daily basis to attract more customers. A good business decision by Amazon has brought it among giant player in market.

Conclusion

The online shopping experience has been shaped by data mining for companies like amazon. It was adopted as a marketing strategy by the company. It has focused on creating personalized store for each customer where he enter and then it becomes irresistible for him to not to buy anything. Most of the products are sold on cost or very little profit is kept thus serving and attracting more customers. Customer likes are studied and required suggestions are made through data management. Thus data mining has not only changed the ways of gathering data but also opened new doors for online retailers for their marketing and revenue generating activities. Offering interest to both buyer and seller, data mining has brought more personalization for customers. It has become key to survival in this global market while if used effectively, the online companies can increase their customers ad profits like amazon.

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