

# Likely benefits of customer database to marketing research



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BUSTER**

An online bookstore would stock different categories such as biographies, books for studies, children's books, comics and graphic novels, books on computers and Internet, crimes, thrillers and mysteries, books on health, family and lifestyle etc. To an online bookstore, target marketing is the only way to survive. In an intensely competitive environment, an online bookstore has to first of all offer facilities not available with a brick-and-mortar bookstore. To this end, information on customers is of vital importance and without this information, the market that the online bookstore must target cannot be researched.

This is where the customer database comes in. The customer database will have different categories of information on the customer, these categories being geographic, demographic, behavioral and psychographic in nature. Data in these four categories can be cross-referenced to provide valuable insights into customer's mindset. The management of an online bookstore is always thinking: why should the bookworm, instead of visiting the brick-and-mortar bookstore and actually getting a feel for the books, surf online? The answer is that the online bookstore has the customer database using which it sends reminders to different target markets about new arrivals. A customer database tracks the different categories of books that a particular customer buys.

Therefore with the help of a customer database, customers can be grouped based on categories of books. With the help of a customer database, the online bookstore knows which customers to target for which categories of books. A customer who is a fan of Harry Potter books will be eagerly awaiting the arrival of the next installment. As soon as the installment is available in <https://assignbuster.com/likely-benefits-of-customer-database-to-marketing-research/>

the market, the online bookstore sends him an instant automated alert. This increases customer loyalty.

It pays more to indulge the existing customers than to pursue new ones. To this end the customer database has no alternative. Using the customer database, the online bookstore can help a particular customer build his or her book collection with informed suggestions. In fact, using the information on that customer's behavioral and psychographic aspects, the online bookstore can get more and more money out of that customer by encouraging that customer to move in new directions in terms of reading habits.

Cross-referencing between categories of books and groups of customers can yield which products are generating more profits. The online bookstore can then focus on developing those categories of books more. Market research using the database might indicate that thrillers and children's books generate the greatest level of profits while books for study are not doing that well. The online bookstore in that case, during an economic downturn, focuses more on building its collection of thrillers and children's books.

The online bookstore might also want to expand in terms of categories of books. In that case, the business already has a large database of customers upon whom to conduct a survey. Using the results of the survey, the online bookstore can decide whether it will be economically feasible to launch the new category of books. Process of setting up a customer database. The customer database is a storehouse of digital information on the online bookstore's customers.

Implementing a customer database must be business-critical. The online bookstore must implement the customer database not because it is in vogue to build databases, but because the customer database integrates seamlessly with business aims and objectives. The database must be scalable and flexible and it must be easy to use. The online bookstore will constantly have a new stream of customers and the database must be scalable enough to be able to accommodate information on the new customers. It must be integrated with the rest of the system the online bookstore uses. This makes the customer database user-friendly.

Data contained within the customer database must be easily exportable at the click of a button to Microsoft Word or Microsoft Excel for example. This enables the different departments to save time and costs in producing reports or performing accounting calculations. The database is an electronic collection of digital information that can be accessed with the least effort. The stored digital information can be in different forms. The information can be in the form of text, it can be in the form of numbers or it can be in the form of images. In order to access the information quickly and easily, the system must be able to search for the information needed and this searching function is performed by a powerful querying language called Structured Query Language (SQL).

The database must have the ability to allow the bookstore management to view customer information in any way it wants. The management might want to match categories of books bought with the addresses of the customers who bought those categories. The Structured Query Language can present the information accordingly. The building blocks of the customer database <https://assignbuster.com/likely-benefits-of-customer-database-to-marketing-research/>

are tables. The building blocks of tables are records. The building blocks of records are fields.

A field contains the least the bit of information, for example the name of a book last bought by a particular customer. Fields of information like this create a record creating a complete picture of the customer, for example, the contact details of that customer. Records of all the customers create a table. For example, this table might contain information of all the customers who bought thrillers. There will be other tables describing customers who bought other categories of books and this collection of tables sets up the database. Databases have evolved from 'flat' to 'relational'.

Databases used in the past used to contain only one table and users could have the system search for information only in that table. The online bookstore using a 'flat' system would be able to command the system to search for information only in the 'thrillers' database. If the management were to command the system to cross-reference the information from 'thrillers' database with information from 'children's books' database, then the system would return an error. In other words, the system would extract customer information from the 'thrillers' database and then it would extract information from the 'children's books' database and then it would be left to the management to compare the two categories of information to find any common ground. The new form of computer databases called 'relational' automates this comparison. The relational database can compare the two tables containing customer details of 'Thrillers' and of 'Children's books' and then return the information which is common to both categories.

This saves immense time for the management. An example of the relational database is Microsoft Access which can be integrated with the rest of the system in the Windows environment. The advantage of using this type of database, as mentioned before is that the desired information becomes accessible very quickly and the management can extract information from more than one table. It depends on the needs of the online bookstore to decide what the nature of the database should be.

Business aims and objectives may be such that a simple database program will suffice. For example, the online bookstore might want to do no more than maintain contact details of groups of customers based on categories of books bought. On the other hand, business needs might be more complex. For example the management of the online bookstore might want to target mail with a promotional offer those groups of customer who have spent more than a certain amount of money on ' Thrillers'.

In that case, the requirement is a more complex integrated database system built using complex database programs and specialist management systems. For the customer database to be in sync with the aims and objectives of the online bookstore, the management has to decide what the requirements of the customer database are. Once the degree of complexity has been determined this way, the right software with which to build the customer database becomes possible to identify. The current market trend in the software industry is that a database building software comes bundled with other software. Microsoft Access bundled with the Office suite is a case in point. Microsoft Access will suffice for most requirements of an online bookstore.

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If the requirement is no more than collecting demographic information about repeat customers and tracking their purchase patterns, then Microsoft Access is the software to use. If the requirement is no more than keeping customers aware of new promotional offers, then the management has to look no further than Microsoft Access. If requirements are more complex, for example researching what sort of surfing experience different types of readers would enjoy, then the online bookstore would have to invest more in software that is custom built. There are businesses that specialize in building software customizable to different organizational needs. So the online bookstore would have to outsource the building and the management of its customer database.

The management of the online bookstore has to ask itself whether the information contained in the database would have to be shared among many departments. If the need is for sharing, then the web-enabled database would have to be network-compatible. In a network environment, staff members would be able to log in and view updated information. Once again the question as to whether the online bookstore would have to build a network-compatible new website or whether it can accommodate the database in its existing site depends on what the organizational needs are.

If the need is no more than to collect contact details of customers, then the database might fit in with the existing site. Standard database packages that come bundled with computers are user-friendly and there are instruction manuals and help files to hand-hold the novice. These packages have templates that the management of the online bookstore might find satisfy the organizational requirements. If one of the templates works for the online <https://assignbuster.com/likely-benefits-of-customer-database-to-marketing-research/>

bookstore, then the only thing to do is to put in the information for different records. If none of the templates work however, then the database administrator has to create a new format using customized lists. The great advantage in using Microsoft Access is that this new format can be created in Microsoft Word or Microsoft Excel and then exported to Microsoft Access for a perfectly workable template.

While the management of the online bookstore might decide to save time by having an existing employee manage the customer database, it might save more in the long run by having a specialist manage the database. A specialist is the best person to advise on how best to optimize the database and get maximum value out of it. He/she should be able to decide what the capabilities of the database should be in the context of the online bookstore, what kind of information should go into the database and what the format of the database should be that will best suite the informational needs. Once the system is down in blue print, the database administrator should be able to design and test the database.

A new system will face resistance from the existing employees as they will have to cope. The administrator will make an encouraging presentation of the different uses of the customer database and provide user-friendly training. Once the database has been installed, a specialist database administrator will be critical as the specialist can offer technical advice. Implications of data protection legislation Collecting information can become an addiction once the uses of an effective database become apparent.



The situation can develop to the point where the online bookstore starts collecting information which certain groups will consider invasion of privacy. The Data Protection Act 1998 protects the customers' rights in this respect. Under this act, the online bookstore has to register with the information commissioner and pay for the privileges of maintaining information on customers. The management has to let customers know what information the online bookstore is collecting about them.

If a certain customer asks to be removed from a certain list, the online bookstore must remove that customer immediately. Also the online bookstore cannot share the information in its database with other parties under the Data Protection Act 1998. BOOKS Barnes, James G. Building Your Customer Strategy: A Guide to Creating Profitable Customer Relationships.

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