Chapter 3 Case Study

Data-mining

**Overview**

Data-mining can be a very useful tool for businesses. From increasing sales to gaining new customers, it has been a proven method of effective growth. Many businesses have benefitted from it, however the privacy of the customer can become a concern. This paper will go into detail on this subject.

**Discussion**

Data-mining is defined as the process of sorting through large data sets to identify patterns and establish relationships to solve problems through data analysis. Data-mining is used by businesses to predict future trends. Everyone from retail to manufacturing to even educators are using the power of this information.

Three such businesses that employ this tool are Amazon, Spotify and Hewlett-Packard. Whenever a customer searches for or purchases anything on Amazon, it is recorded and analyzed. From this information, Amazon can recommend other items that you may want to check out that are similar to what you are searching for. It also will show you items that other customers purchased along with the item that you are looking at. Essentially this is like a virtual sales associate in a brick-and-mortar clothing store suggesting an accessory that would pair perfectly with that skirt you are purchasing.

Spotify has a little different approach in the fact that they aren’t trying to sell you anything but to improve your listening experience. I have an account with them that I use very regularly. By collecting data about my listening habits (ex: songs, artists, albums, and genres) they can suggest new music for me to check out. They even go so far as to provide customized weekly playlists geared towards that data. While, they aren’t necessarily gaining any more profit from this since it’s a monthly set-price subscription service, they are solidifying a loyal customer base that will continue to use the paid subscription over the free account.

In an article I found about Hewlett-Packard, it is estimated that they conduct approximated 2.5 billion interactions each year through customer calls, web visits, emails, chat sessions, and face-to-face in retail stores. This results in a very large amount of customer data collected. Their goal with all of this was to know more than their competitors to meet needs more effectively, reduce operational complexity, and take action.

The HP article also brought up the issue of privacy. Data-mining can often reveal more than a customer would willingly want to share. For example, a 2014 Forbes article talked about how in 2012, Target sent coupons for baby products to a teenager because of her recent shopping patterns. Her father, who called Target to complain, was unaware that she was pregnant. Profiling people can also create discrimination issues. Insurers, physicians, and hospitals can exclude patients based on information such as gender, age, or disease. These are all factors that customers need to be aware of when sharing their information with companies.

**Summary**

Overall, data mining has become a useful tool in tailoring the experience for customers. Businesses of all different fields have benefited from the impact of valuable data. With all of this in mind, individuals and companies should be aware and active in the protection of the customer’s privacy.

**Sources**

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