



IBM Customer Reference

Galeria Kaufhof

Synopsis:

IBM DB2 Intelligent Miner for Data and DataJoiner enable retail company to have a much better understanding of its customers' structure and buying behavior, thereby increasing revenue potential

Location:

Köln, Germany

Industry:

Retail

Focus Area:

Customer Relationship Management

URL:

<http://www.galeria-kaufhof.de>

Customer Background:

Galeria Kaufhof is a very large department store in Germany that is owned by the METRO AG. In more than 100 years of history, Galeria Kaufhof has changed its market appearance dynamically nearly every decade. Currently, Galeria's merchandising concept is categorized into varying gender and activity sections, such as "women's world," "men's world" and "sports world." These merchandise categories are sold in 135 stores throughout Germany and 15 stores in Belgium.

Business Need:

In recent years, Galeria Kaufhof discovered the need for a Customer Relationship Management (CRM) solution. With the launch of the "Payback Card," which is a card system with different partners in the retail community in Germany, Galeria Kaufhof established a customer data warehouse. Based on the collected customer data, Galeria's long term goal was to establish a powerful and effective CRM solution in order to get valuable business information and to improve customer satisfaction.

Solution:

Initially, IBM helped Galeria install some analysis capabilities based on OLAP tools. The need for data mining analytics soon surfaced; however, as the company began to define different campaigns for the growing customer community. After a piloting phase, which included industry specific consulting from IBM, the marketing department decided in a joint effort with the IT department to use DB2 Intelligent Miner for Data in production. Galeria is using DB2 Intelligent Miner for Data as a basic tool for performing ad hoc analysis with regard to the requirements of different departments as well as doing revolving analysis in the CRM arena. Galeria also chose to leverage DataJoiner technology, which integrates DB2 Intelligent Miner directly to Galeria's Oracle-based data warehouse.

Data mining analysis based on Intelligent Miner for Data gained a very positive response in the company and is a fundamental aspect in the use of campaign management. Galeria Kaufhof chose to use Intelligent Miner because of the tool's powerful capabilities to analyze very large data sets (several millions of customers with hundreds of millions of transactions) by a broad

range of sophisticated algorithms. Additionally, IBM Business Intelligence Services was able to provide retail specific data mining consulting and implementation services.

Most of the analysis executed with the software can be separated in four different steps:

- General statistical analysis: A general understanding about the customer base and available variable descriptions are the focus for this kind of analysis
- Segmentation: In this step, different segmentation strategies are defined and the customer base is segmented due to the different requirements and focuses. The result of segmentations is used in a subsequent campaign management tool for different campaign activities
- Association Analysis: Based on the different customer segments, additional cross-selling analyses are realized in this step. This kind of investigation deepens the knowledge about the identified segments
- Additional Analysis: Further algorithms available in the Intelligent Miner for Data are used for verification of results.

Benefits of the Solution:

Due to the IBM solution, Galeria Kaufhof now has a much better understanding of its customers' structure and buying behavior. Therefore, the customer is able to detect completely new business potentials and improve its CRM processes. Overall, the IBM solution has made a once formidable and imposing job extremely easy.

Customer Quote:

"With the Intelligent Miner for Data, we get completely new insights into our data. This enables us to discover new business potential and to get added value for our company."

-- Laurentius Malter, Head of Analytical CRM for Galeria Kaufhof