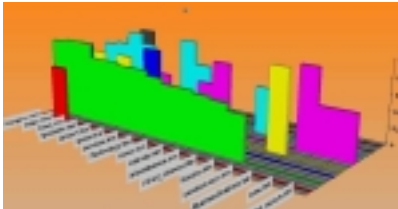


WEB MINING

The E-Tailers' Holy Grail?

More and more commerce-related transactions are becoming digital. This is happening not just in the supplier side of the value chain, but increasingly in the consumer side. The current market for the analysis of digital consumer data is in this burgeoning area of Internet e-commerce. Business Internet surveyors, such as Gartner and Jupiter, predict that over 5 billion dollars of business will be transacted on the Internet by next year.



Every customer action on a web site generates data - not just high level interactions such as buying something but also actions as simple as using a search engine or navigating through a site. All these interactions between digital service providers and the consumer can be recorded and stored in digital databases. These large data sets contain useful information helpful to business marketing strategies, both for retrospective analysis as well as data driven forecasting.

Companies today are in the unprecedented position of being able to collect vast amounts of customer information relatively easily. As a result, by using Web Mining, companies can both analyse and predict the behaviour of their customers. Forrester Research Inc. say that 16% of large companies already expected more effective use of customer information to help them cut costs in 1999. They also predict that an additional 34% are banking on savings by 2001.

- Web Analysis -

All visitors to a web site leave digital trails which servers automatically store in log files. Web analysis tools analyse and process these web server log files to produce meaningful information. Essentially a complete profile of site traffic is created, for example how many visitors to the site, what sites they have come from and which of the site's pages are most popular.

Web analysis tools provide companies with previously unknown statistics and useful insights into the behaviour of their on-line customers. While the usage and popularity of such tools may continue to increase, many e-tailers are now demanding more useful information on their customers from the vast amounts of data generated by their web sites.

Jesus Mena, in his book "Data Mining Your Web Site", says that "current traffic analysis tools...are geared at providing high-level predefined reports about domain names, IP addresses, browsers, cookies and other machine-to-machine activity. These server activity reports simply do not provide the type of bottom-line analysis that e-tailers, service

providers, marketers, and advertisers in the business world have come to demand. These software packages (i.e. web analysis tools) originated from the need to report on the activity of the server and not on the behaviour of its visitors."

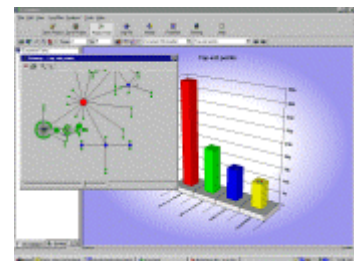
The result of the changing paradigm of commerce, from traditional brick and mortar shop fronts to electronic transactions over the Internet, has been the dramatic shift in the relationship between e-tailers and their customers. There is no longer any personal contact between retailers and customers. Customers are now highly mobile and are demonstrating loyalty only to value, often irrespective of brand or geography. A major challenge therefore is for e-tailers to identify and understand their new customer base. E-tailers need to learn as much as possible regarding the behaviour, the individual tastes and the preferences of the visitors to their sites in order to remain competitive in this new era of commerce.

Web mining makes this possible.

-So What is Web Mining?-

Data mining is the technology used to discover non-obvious, potentially useful and previously unknown information from data sources. The potential of **web mining** is in the application of existing and new data mining algorithms to Internet data, which include Internet server logs, as well as external data on customer, sales, and products.

Web mining may be sub-divided into web-content mining, web-structure mining and web-usage mining. Web-content mining is the extraction of information from Internet pages, common in the next generation of XML / RKF based search engines / web spiders. Web-structure mining is the application of data mining to reconstruct the structure of a web site or sites.



Web usage mining is the mining of log files and associated data from a particular web site to discover knowledge on browser and buyer behaviour on that site. In short, Web Mining can be seen to apply existing analysis techniques together with cutting edge technology to the plethora of data that the internet is generating.

- The Benefits of Web Mining -

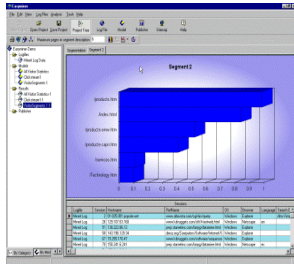
Web Mining enables e-tailers to leverage their on-line customer data by understanding and predicting the behaviour of their customers. For the first time e-tailers now have access to detailed marketing intelligence on the visitors to their web sites.

The business benefits that web mining afford to digital service providers include - personalisation, collaborative filtering, enhanced customer support, product and service strategy definition, particle marketing and fraud detection. In short, the ability to understand their customers' needs and to deliver the best and most appropriate service to those individual customers at any given moment.

- Closing the Loop –

Web mining plays a considerable role in the area of one-to-one marketing through content personalisation, ad targeting and profile building.

Web mining reveals layers of information about the markets and the data collected from web sites present enormous potential for direct marketing. Personalised messages can be delivered to individual people – the famous “segment of one”. The opportunity to identify and target browsers and buyers of products and services with attractive offers and sales promotions has never been greater.



Marketeers can fine tune their strategies by building customer or prospect profiles and using these to identify the segments upon which marketing activities are focused. For the first time, e-tailers have the capability to consider a cost-effective means of providing individually customised marketing communications.

Web mining fully supports 'web personalisation'. A web site can be tailored for each particular user's preference and profile information. This allows e-tailers to develop loyal and long lasting relationships with each individual visitor.

- Conclusion -

Many companies wanting an on-line presence believe that all they have to do is build a web site and sit back and reap the benefits. In most cases this has been a fruitless exercise and companies will be unable to improve the situation without first gaining a basic understanding of the visitors to their web site.

Web mining puts e-tailers in the unprecedented position of being able to understand and predict the behaviour of their customers. Companies can now optimise their e-business sites for maximum commercial impact and personalise the on-line content of their web site.

It is those companies who adopt a web mining strategy NOW to learn about their customers who will gain the competitive edge in the new 'digital economy'.

Contact MINEit ***NOW*** to learn how to turn Web Mining theory into practice with

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