



STARTING Over

BY
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ILOOKING FOR NEW SOURCES OF data? Why not develop your own?

That's what consumer electronics retailer Best Buy Co. Inc. did as legislation cut off its sources of credit card and check reverse append data.

Not satisfied with struggling to identify the name and address of a customer buying a stereo with a newly issued credit card—or wait-

**Best Buy
builds a
database from
new sources,
and adds
enhancements**

ing for a new source to emerge—Best Buy developed a comprehensive database that includes data from 19 customer touch points, including point of sale. The firm also added some important enhancements from Experian's INSOURCE.

Tim Anglum, CRM director for Eden Prairie, MN-based Best Buy, says the database links any or all of the touch points, and includes transactional data and information on delivery slips or warranty cards. The details requested on a warranty card can easily complete the profile of a customer who made a purchase with a newly issued credit card, he says.

Anglum adds that the Financial Services Modernization Act (FSMA) and the Driver's Data Protection Act have crippled some marketers' efforts to obtain names and addresses.

Credit bureaus and state motor vehicle bureaus have long been sources of name and address information for marketers tapping credit card and check reverse append services. While Best Buy is still assessing the impact of the FSMA, check transactions make up a smaller percentage of overall

BRUCE KLUCKHOHN/LIAISON AGENCY

Tim Anglum, Best Buy's CRM director

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transactions, Anglum says.

Partnerships have proved another venue for Best Buy to build data and complete customer profiles. A promotional agreement with Microsoft Network has resulted in over 1 million people signing up for MSN's Internet service through Best Buy stores. Customers who spring for the MSN service receive an instant \$400 rebate. Best Buy captures their names, addresses and billing information.

"The partnership offers customer value as well as a source of data capture," Anglum says.

And what is Best Buy doing with all this data?

As part of an accelerated customer relationship management effort, the company is enhancing its 50 million customer records with demographic data from INSOURCE.

"We have to do a deeper dive on who our customer is," Anglum



continued expansion. It currently operates more than 400 stores throughout the United States, and plans to increase that number to more than 550 by 2004.

Best Buy operates two databases. One, its new enterprise customer database, is designed

Best Buy's Web site recently underwent a significant upgrade.

year. These target preferred customers and new movers with a variety of promotions.

The company's Web site, www.bestbuy.com, recently underwent a significant upgrade that includes the addition of Best Buy's full line of electronic products. It also offers online customers the ability to pick up or return merchandise at a local store.

Last month, Best Buy announced plans to acquire Minneapolis-based Musicland Stores Corp. for \$685 million, and Seattle-based Magnolia Hi-Fi Inc. for \$87 million. The company has also signed eight leases in Canada and expects to open some 65 stores there over the next three years.

The publicly held company was founded as audio component systems retailer Sound of Music in 1966. The company sells consumer electronics, personal computers, entertainment software and appliances.—Patricia Odell

AS PART OF its CRM effort, Best Buy is enhancing its 50 million customer records with demographic data

explains.

These enhancements are enabling Best Buy to conduct a detailed segmentation analysis to—among other things—identify new customer segments, better understand its existing customers and more narrowly target promotions.

Anglum says the analysis will also help the company determine key locations to open more retail stores as part of its plans for

to identify individual customers. The database is a transactional file that is updated nightly.

The other, its analytical database, is efficient in accessing groups of customers.

The two work together, and house information on both online and offline customers.

The analytical database drives the company's direct marketing efforts, including more than 50 million direct mail pieces per