

<i>List of Figures</i>	<i>ix</i>
<i>List of Tables</i>	<i>xi</i>
<i>About the Editors</i>	<i>xiii</i>
<i>List of Contributors</i>	<i>xv</i>
<i>Preface</i>	<i>xvii</i>

Introduction	1
1 The Brave New World of Database Marketing	1
2 Book Contents	2
References	7

## **PART I      METHODS**

<b>Chapter 1</b>	<b>Data Preprocessing in Database Marketing: Tasks, Techniques, and Why They Matter</b>	<b>11</b>
	<i>Stefan Lessmann</i>	

1	Introduction	11
2	The Process of Knowledge Discovery from Databases	13
3	The Tasks and Techniques of Data Preprocessing	14
4	Predicting Households' Income Level: The Effect of Data Projection on Forecasting Accuracy	29
5	Conclusions	34
	References	35

<b>Chapter 2</b>	<b>Textual Customer Data Handling for Quantitative Marketing Analytics</b>	<b>41</b>
	<i>Kristof Coussement and Koen W. De Bock</i>	

1	Introduction	41
2	The Unpopularity of Textual Data Analysis	42
3	Text Mining: The Process	42
4	Software	58
5	Conclusion and Directions for Further Research	58
	Appendix 1: 10 Hotel Le Palais in Prague Reviews Randomly Scraped from TripAdvisor	59
	Appendix 2: Term-by-document Matrix	61
	References	64

<b>Chapter 3</b>	<b>Bayesian Networks and Applications in Direct Marketing</b>	<b>67</b>
	<i>Yuan Yuan Guo and Man Leung Wong</i>	
1	Introduction	67
2	Bayesian Networks	69
3	Bayesian Network Classifiers	74
4	Learning Bayesian Networks from Incomplete Databases	80
5	Direct Marketing Modeling	82
6	The Evolutionary Bayesian Network (EBN) Algorithm	84
7	Application in Direct Marketing Modeling	84
8	Conclusion	92
	Acknowledgments	92
	References	92
<b>Chapter 4</b>	<b>Quantile Regression for Database Marketing: Methods and Applications</b>	<b>97</b>
	<i>Dries F. Benoit and Dirk Van den Poel</i>	
1	Introduction	97
2	Methodological Background	98
3	Case Studies	103
4	Summary	114
	References	114
<b>Chapter 5</b>	<b>Ensemble Learning in Database Marketing</b>	<b>117</b>
	<i>Koen W. De Bock and Kristof Coussement</i>	
1	Introduction	117
2	Basics of Ensemble Learning	119
3	Algorithms	124
4	Applications in Database Marketing	131
5	Advanced Topics	134
6	Software	139
7	Summary	139
	References	140
<b>Chapter 6</b>	<b>Advanced Rule-based Learning: Active Learning, Rule Extraction, and Incorporating Domain Knowledge</b>	<b>145</b>
	<i>Thomas Verbraken, Véronique Van Vlasselaer, Wouter Verbeke, David Martens, and Bart Baesens</i>	
1	Introduction	145
2	Rule Extraction	146
3	Decompositional Rule Extraction from Artificial Neural Networks	148
4	Decompositional Rule Extraction from Support Vector Machines	153
5	Pedagogical Rule Extraction Algorithms	156
6	Visualizing the Extracted Rule Sets Using Decision Tables	158

7	Case Study: Rule Extraction for Customer Churn Prediction	160
8	Conclusion	162
	References	162

## **PART II APPLICATIONS**

### **Chapter 7 Hybrid Models for Recommender Systems 167** *Asim Ansari*

1	Introduction	167
2	Hybrid Latent Factor Models	172
3	Model Extensions	177
4	Estimation Methodologies and Issues	182
5	Item Selection Model	183
6	Conclusions	184
	References	185

### **Chapter 8 Marketing in the New Mobile Economy 189** *Anindya Ghose and Sang-Pil Han*

1	Introduction	189
2	Mobile Web and Apps	191
3	Mobile Social Media and Social Network	195
4	Location-based Services: The Impact of Real-time Geography on User Browsing and Purchase Behaviors	198
5	Mobile Commerce	199
6	Conclusion	202
	References	203

### **Chapter 9 Targeting Display Advertising 209** *Wendy W. Moe*

1	Introduction	209
2	Measuring the Effectiveness of Online Display Advertising	210
3	Targeting Strategies	216
4	Risks of Targeting Display Ads	224
5	Future Research	225
	References	226

### **Chapter 10 Paid Search Advertising 229** *Oliver J. Rutz and Randolph E. Bucklin*

1	Introduction	229
2	A Short-term Perspective – Paid Search as a Direct Marketing Tool	232
3	A Long-term Perspective – Indirect Effects of Paid Search	236
4	Beyond Keywords	240
5	Emerging Topics	241

6	Conclusion	242
	References	243
<b>Chapter 11</b>	<b>Social Media Management</b>	<b>247</b>
	<i>Dina Mayzlin</i>	
1	Introduction	247
2	The “Why” and “What?” of Social Media	248
3	Social Media Metrics and Data Collection	250
4	The Firm’s Management of Social Interactions (and Social Media)	253
	References	262
<b>Chapter 12</b>	<b>Dynamic Customer Optimization Models</b>	<b>265</b>
	<i>Scott A. Neslin</i>	
1	Introduction	265
2	The Impetus for Dynamic Customer Optimization	265
3	The Elements of Dynamic Customer Optimization	268
4	The Development of the Dynamic Customer Optimization Field	271
5	Applications	274
6	Summary, Key Challenges, and Future Research	283
	References	284
<b>Chapter 13</b>	<b>Direct Marketing in the Non-profit Sector</b>	<b>287</b>
	<i>Griet Verhaert</i>	
1	Introduction	287
2	Different Aspects of the Donor Lifecycle	288
3	Multi-channel Approach	291
4	Database and Methods to Optimize Direct Marketing in Fundraising	293
5	Campaign Evaluation	298
6	Conclusion, Challenges, and Opportunities for the Future	300
	References	300
	<i>Index</i>	<b>303</b>