

# Business Case #1

Wonderful Wines of the World

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# General context

- Finding new customers is vital in **every industry**;
- Understanding current customers allow organizations to **identify groups of customers** with a shared patterns/characteristics;
- Understanding the differences between the different segments allows organizations to **make strategic choices** in various topics;

# Business **situation**

- My company, Wonderful Wines of the World (WWW), is a 7-year-old enterprise. Our mission is to delight our customers with well-made, unique, and interesting wines that would never travel far beyond their points of origin.
- We sell wines through catalogs (telephone), a web site, and ten small stores in major cities around the USA.
- Several hundred selections are available in each new catalog, sent every 6 weeks.

# Business **situation**

- WWW now has around 350,000 customers in their databases, which we mainly acquired through aggressive promotions in wine and food magazines.
- From past analysis, we understand that typically, our customers are highly involved in wine, entertain frequently, and have sufficient money to indulge their passion for wine.
- In order to improve our relationship with our customers, we sometimes offer wine accessories as well – wine racks, cork extractors, etc.

# Business situation

- Although, up to this point we have **no specific knowledge about our customer database** – Our actions are based on simple market reports, feedback from salespeople and **intuition**.
- Because of this, all our **interactions with the customer are mass-marketed**. All customers get the catalog, and there are no loyalty programs or attempts to identify target markets for cross-selling opportunities.
- Our IT department has prepared for you a dataset containing 10,000 customers from our database that have made a purchase in the past 18 months.

# Business **situation**

- In addition, they have also prepared some **metadata** about the dataset, available in the associated README.md file.
- We would like to use this data to our advantage. Specifically, **I would like to understand:**
  - Which characteristics best distinguish my customers;
  - Which and how many customer segments I have in my database;
  - How can I reach new and existing customers from each segment (marketing mix) and which ones should I prioritize;