

Customer Segmentation - Project Proposal

Customer segmentation has been a very important part of business decisions and this importance is continuing to grow as we have started to access more customer information. Companies that fail to identify their customer segments properly will also fail to launch successful products and marketing campaigns aligning with customer needs.

In this project, I will use the customer data to perform clustering and create customer segments. Identifying customer segments is essential for companies to establish marketing campaigns that would lead to a higher return on investment. The dataset I will use includes features about customer attributes, spending habits, promotion effectiveness, and product purchase environment.

I will propose this project to the company's marketing team. Understanding customer segmentation will help the marketing team to create efficient marketing campaigns for the target customer base. In this way, marketing investments will be optimized effectively according to the loyalty and expenditure habits of customers.

To identify customer segments, I will use cluster analysis to understand which customer attributes influence their buying behaviors. Specifically, I will use k-means cluster analysis to accurately segment customers which will lead to maximum personalization in the marketing campaigns.

In addition, analyzing promotion response data will be helpful when clustering customers. Also, understanding statistics about sale channels would be helpful in the future to make good investment allocations.