Customer Segmentation for an Online Retail Store in UK

How can a UK-based online retailer target specific groups of customers for its marketing campaigns and strategies based on their buying patterns in 2010-2011?

Context:

In this project, we will analyze the sales data of a UK online retailer specializing in selling unique all-occasion giftware. This e-commerce dataset, made available by the UCI Machine Learning Repository, contains transactions made by approximately 4,300 customers from 2010-2011.

Scope of Solution Space:

The customer segmentation and analysis will focus on the three key features of clients: Recency, Frequency, and Monetary.

The K-Means Clustering algorithm will be applied using the features of RFM to better profile and understand the business' customers.

Objective:

The analysis aims to uncover valuable insights about customer behavior and transform the transactional data into a customer-centric dataset through feature engineering that will effectively help segment customers and help the business determine the appropriate marketing strategies and boost product sales. This will not only help the business determine the proper marketing strategies but also has the potential to significantly increase product sales, offering a promising outlook for the future.

Constraints:

- Marketing budget for campaigns and advertisements
- Budget for rewards systems and discounts
- Budget for implementing marketing campaigns, customer retention initiatives, and rewards systems on the business' websites

Criteria For Success:

Customers are segmented, and cluster groups have been identified and understood to develop the proper marketing campaigns and strategies.

Stakeholders:

- Chief Executive Officer
- Chief Marketing Officer
- Sales Director
- Technology Director

Data Source:

UCI Machine Learning Repository | Online Retail II :