Online Retail Customer Segmentation

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:

This project 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.

A 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, help the business determine the appropriate marketing strategies, and boost 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 systems infrastructure.

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 :