# Business Case Document

## Customer Segmentation using RFM Analysis

## and K-Means Clustering

**1. Purpose and Use Case**

The primary purpose of this project is to perform customer segmentation utilizing the RFM (Recency, Frequency, Monetary) approach. The project aims to analyze customer transaction data and categorize customers into distinct segments based on their purchase behaviors and interactions with the business. The use case for this segmentation is to enable targeted marketing strategies, personalized communication, and tailored service offerings, ultimately enhancing customer engagement, satisfaction, and overall business performance.

**2. Target Audiences**

The project's outcomes and insights cater to various stakeholders within the organization, including:

***Marketing Teams:*** Utilize customer segments to design targeted marketing campaigns and promotions. Tailoring messages and offers based on RFM segments can lead to improved campaign effectiveness and higher conversion rates.

***Sales Teams:*** Leverage customer segments to identify opportunities for cross-selling and upselling. By understanding each segment's preferences and purchasing patterns, sales teams can optimize their strategies.

***Customer Service Teams:*** Provide better customer support by recognizing the needs and expectations of different customer segments. This allows for more personalized assistance and problem-solving.

***Management and Strategy Teams***: Gain insights into the customer base's composition and preferences. Use segmented data to inform strategic decisions, allocate resources effectively, and identify areas for growth.

***Product Development Teams:*** Understand customer preferences and demands to develop products and services that align with the needs of each segment.