

CUSTOMER SEGMENTATION

UNLOCKING CUSTOMER INSIGHTS WITH SEGMENTATION ANALYSIS

CASE STUDY

Elder Research collaborated with a leading consumer packaged goods company to analyze their customer base, using segmentation analysis to categorize customers by performance metrics and product objectives across their various accounts (such as retailers and distributors) and brands (including products and product lines). This segmentation provided critical insights for strategic planning, guiding resource allocation, trade strategy optimization, and effective sales quota setting for the upcoming year. These insights helped the company make informed decisions to enhance their overall approach and operational efficiency.

THE CHALLENGE

The client had no clear way to integrate historical customer data with strategic goals, making it difficult to align strategy across a varied customer base. The complexity lies in aligning strategic objectives, such as customer growth, retention, and resource allocation, with customer data varying across different dimensions. This involves reconciling disparate goals and preferences across customer segments. On top of that, there is the challenge of ensuring coherence and alignment between strategic objectives, historical data insights, and planning for the upcoming year.



THE SOLUTION

To address this conceptual challenge, Elder Research devised a comprehensive solution by breaking down the project into two distinct tasks. The initial focus was on acquiring in-depth business and subject matter expertise to gain an understanding of the strategic goals and objectives of the organization. This involved collaborating closely with stakeholders to discern their strategic objectives as well as identifying key performance indicators and metrics used in strategic decision-making processes.

INDUSTRY

Consumer Packaged Goods

BUSINESS NEED

Combine organizational objectives and strategic goals with historical data from a multitude of customer portfolios.

Characterize the customer base with interpretable and actionable segments to help grow, sustain, and divert resources accordingly.

SOLUTION

Leveraged clustering techniques to analyze customer behavior to aid in strategic planning.

Maximized customer profitability by identifying high-profit segments to allocate resources strategically with the highest profitability potential. Additionally, pinpointed segments with substantial growth potential to develop targeted strategies and expand market share.

BENEFIT

Implemented an automated segmentation methodology designed to streamline the segmentation process and minimize manual intervention.

This analysis provides valuable insights for informed decision-making, guiding strategic initiatives, and resource allocation.

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THE SOLUTION (continued)

Following this knowledge acquisition phase, the team transitioned to applying analytically rigorous techniques to characterize and segment the customer base effectively. By aligning the segmentation analysis with the strategic goals and objectives of the organization, the team was able to extract actionable insights that could inform strategic decision-making and drive organizational growth. The combination of having domain knowledge and applying data-driven methodologies enabled Elder Research to deliver a robust segmentation framework tailored to the unique needs and priorities of the organization involved.

Segmentation of Accounts for a Single Brand Based on KPI's



RESULTS

Elder Research's implementation of segmentation analysis led to the development of an automated process that seamlessly integrates strategic goals with historical data and forward-looking metrics. This innovative approach provides a structured framework for characterizing customer portfolios based on growth opportunities and profitability. By leveraging advanced analytics techniques, the organization can efficiently identify key trends and patterns within their customer base, enabling planning leaders to make quick and informed decisions on resource allocation for the upcoming year.

This process not only streamlines the segmentation analysis but also enhances the effectiveness of strategic planning efforts. By accurately categorizing customers based on their growth potential and profitability, organizations can prioritize resource allocation strategies to maximize returns and drive growth. The ability to quickly adapt and respond to changing market dynamics ensures that planning leaders remain agile and proactive in their decision-making processes, ultimately contributing to the long-term success and competitiveness of the organization.

ABOUT ELDER RESEARCH

Elder Research is a recognized leader in the science, practice, and technology of advanced analytics. We have helped government agencies and Fortune Global 500® companies solve real-world problems across diverse industries. Our areas of expertise include data science, text mining, data visualization, scientific software engineering, and technical teaching. With experience in diverse projects and algorithms, advanced validation techniques, and innovative model combination methods (ensembles), Elder Research can maximize project success to ensure a continued return on analytics investment.

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