

Segmentation Using Decision Trees

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Statistical decision trees techniques such as CART (classification and regression trees) and CHAID (chi-squared automatic interaction detection) have become increasingly popular methods for customer segmentation and profiling. These techniques are attractive because they are easy to interpret and provide a great flexibility as they will handle both discrete and ordinal inputs and outputs. A component of the SAS Data Mining solution is an easy and flexible interface to CART and CHAID that can be used for prediction, clustering, and classification. In this presentation, we review these methodologies. Using a case study we demonstrate the powerful and flexible features of the application and compare its use to other data mining techniques such as neural network and logistic regression.

The contents of this paper are available on the WWW at
<http://www.sas.com/datamining>