

## **Customer Segmentation Write-up**

The total sales was 8.91 million. This was as a result of selling 5 million items to 4338 customers which were made up of platinum customers (20.22 percent), gold customers (40.55 percent), and silver customers (39.23 percent). The United Kingdom had the most clients (90.36 percent) followed by Germany, France, Spain and Belgium in descending order.

November made the highest sales with 1,161,817.63 while February made the lowest sales with 447,135.35. Individually, platinum customers accounted for 68.88 percent of the total sales while gold and silver customers accounted for 24.43 percent and 6.68 percent respectively. Even though platinum customers made up the smallest percentage of all the clients (20.22 percent), they provided the largest percentage (68.88 percent) of total sales.

As previously stated, in general November had the highest sales and February had the lowest. Gold customers similarly had November having the highest sales (324,283.49) and February having the lowest (105,214.23). However, for platinum customers, the highest sales was in December (889,544.09) and the lowest in April (277,658.83). Even though silver customers also had their lowest sales in November (13,794.68), their highest sales were made in March (64,701.76).

A breakdown of total customers by month indicates that silver customers made up the lowest percentage of the entire monthly customer base with the lowest contribution occurring in November (5.95 percent). From January to August, platinum customers contributed the most ranging from 42.30 percent (March) to 47.23 percent (January). While that of gold customers ranged from 30.36 percent (January) to 38.61 percent (August). However, from September to November, platinum consumers were surpassed by gold customers, who began making the largest contributions, ranging from 51.68 percent (November) to 44.94 percent (October). Whereas the percentage of contributions from platinum clients varied from 38.27 percent (October) to 43.92 percent (September). However, for the month of December, platinum clients once again accounted for the largest share of all customer contributions with 52.33 percent.

It is evident from the total sales that platinum customers are the highest spenders followed by gold and finally silver. The high spending capacity, low recency and high frequency of platinum customers suggests that these customers are affluent. These customers are most likely to keep the ecommerce store in mind for subsequent purchases. Rewarding them with membership cards which qualifies them for a discount after a minimum spent in addition to

exclusive invitations for product launches are perfect ways to encourage them to spend more. Further analyzing their individual preferences will provide opportunities for even more personalized messaging.

Gold customers are the second most valuable customers. They have transacted business with the ecommerce store on average 3 times a year and spend on average 1,200. Their frequency rate may be an indication of the kind of products these customers purchase-items that don't require frequent replenishment. These customers have the potential to become loyalist as such predicting when they may have needs can assist marketing efforts. For instance, emails directed at upselling or cross selling will be perfect for these customers. Another strategy to get customers to spend more money will be providing "Advantage Cards" that allows customers to collect points on each purchase with the points being convertible to cash to pay for future purchases.

Silver customers are the poorest performing. They visit on average once with a time interval of 4 months. These customers are very likely to churn out of the business as such there is the need to design campaigns to activate them again. Marketing efforts should be towards reminding these customers of the time lapse between their last purchase. Possibly offering them a discount code together with the message to nudge them to even make a purchase immediately. Another approach is to send follow-up emails to ask for feedback on their user experience to learn how to improve their shopping experience.