Task 6: Executive Summary and Recommendations

1. Summary of Key Insights

A. Customer Segmentation Insights:

1. **Wealth Segment:**
   - **Number of Customers:**
     - Most customers are in the "Mass Customer" segment, followed by "High Net Worth" and "Affluent Customer" segments.
   - **Average Tenure:**
     - The average tenure is highest among "High Net Worth" customers, indicating long-term loyalty.
2. **Gender:**
   - **Number of Customers:**
     - There is a nearly equal distribution of male and female customers.
   - **Average Bike Purchases:**
     - On average, male customers make more bike-related purchases compared to female customers over the past three years.
3. **Job Industry:**
   - **Number of Customers:**
     - Most customers work in the "Manufacturing" and "Financial Services" industries.
   - **Wealth Segment Distribution:**
     - "High Net Worth" customers are more prevalent in the "Financial Services" and "Health" industries.

B. Transaction Analysis Insights:

1. **Sales Trend Analysis:**
   - **Total Sales per Month:**
     - Sales peak during holiday seasons and major sale events.
   - **Seasonal Trends:**
     - Significant spikes are observed in December and during mid-year sales, indicating strong seasonal effects.
2. **Product Performance Analysis:**
   - **Sales by Product Line:**
     - The "Standard" product line has the highest total sales and a mid-range average list price, making it popular among customers.
3. **Customer Purchase Behaviour:**
   - **Top 10 Customers:**
     - The top 10 customers contribute significantly to total revenue, with each having high transaction values.
   - **Average Purchases per Customer:**
     - On average, customers make multiple purchases, with a tendency to buy more during promotional periods.

C. New Customer Insights:

1. **Demographics:**
   - **Wealth Segment and Job Industry:**
     - New customers are mostly in the "Mass Customer" segment and work in "Manufacturing" and "Financial Services."
   - **Average Bike Purchases:**
     - New customers have made a moderate number of bike-related purchases in the past three years, similar to existing customers.
2. **Location Analysis:**
   - **Distribution by State:**
     - Most new customers are located in New South Wales and Victoria.
   - **Property Valuation and Wealth Segment:**
     - Higher property valuations correlate with higher wealth segments, indicating a potential for targeting affluent areas.
3. **Potential Revenue:**
   - **Estimate Potential Revenue:**
     - Based on past bike purchases and customer value, new customers represent a significant potential revenue stream.

D. CLV Analysis:

1. **CLV Calculation:**
   - Calculating CLV shows the long-term value each customer brings to the business, highlighting the most valuable customers.
2. **Segment CLV Analysis:**
   - **Average CLV by Wealth Segment:**
     - "High Net Worth" customers have the highest average CLV, followed by "Affluent Customer" and "Mass Customer."
   - **CLV and Demographics:**
     - Male customers and those in the "Financial Services" industry tend to have higher CLV, indicating profitable segments.

2. Recommendations

A. Marketing Strategies:

- **Target High-Value Segments:**
  - Focus on "High Net Worth" and "Affluent Customers" by offering exclusive deals and personalized services to enhance loyalty and drive higher sales.
- **Personalized Marketing:**
  - Develop personalized marketing campaigns leveraging customer purchase history and preferences, especially targeting male customers and those in profitable industries.

B. Business Expansion:

- **New Customer Locations:**
    - o Expand business operations in New South Wales and Victoria, where the majority of new customers are located, to tap into the existing market potential.
- **Untapped Markets:**
    - o Identify and target regions with high property valuations and potential high-value customers, such as affluent suburban areas.

C. Product Offerings:

- **Popular Products:**
    - o Increase inventory and promotions for top-selling brands to meet customer demand and maximize sales.
- **Product Improvements:**
    - o Use customer feedback and sales data to improve underperforming products and introduce new features that align with customer preferences, enhancing overall product satisfaction.

Video explanation:

https://drive.google.com/file/d/11NRafWP6dHMVX2WmCmzJqjEaMgScKlh3/view?usp=sharing