Customer Insights Analysis for Enhanced CX Strategy

Written by: Agalya Ayyadurai

Contact: ayyadurai.agalya@gmail.com | LinkedIn

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Introduction

This project analyses customer data to derive insights that inform customer experience (CX) strategies. The analysis focuses on:

1. Identifying high-value customers for targeted retention strategies.
2. Understanding customer sentiment to prioritise service improvements.
3. Examining spending behaviour and its relationship with income to uncover engagement opportunities.

The goal is to demonstrate how data-driven approaches can enhance CX strategy by identifying actionable insights that support long-term customer value and business growth.

Data Overview

Key Attributes Analysed

1. **Customer ID:** Unique identifier for each customer.
2. **Income:** Yearly household income of the customer.
3. **Total Spend:** Aggregated spending across various product categories over the last two years.
4. **Segment Classification:** Categorisation of customers as high, moderate, or low value.
5. **Feedback Sentiment:** Sentiment scores from customer feedback (simulated), used to assess satisfaction levels.
6. **Feedback Count:** Number of feedback entries provided by each customer (simulated).

Data Size
- Total records analysed: 2240

Objective
- Uncover patterns in spending, sentiment, and engagement to support or inform CX strategy and enhance customer experiences.
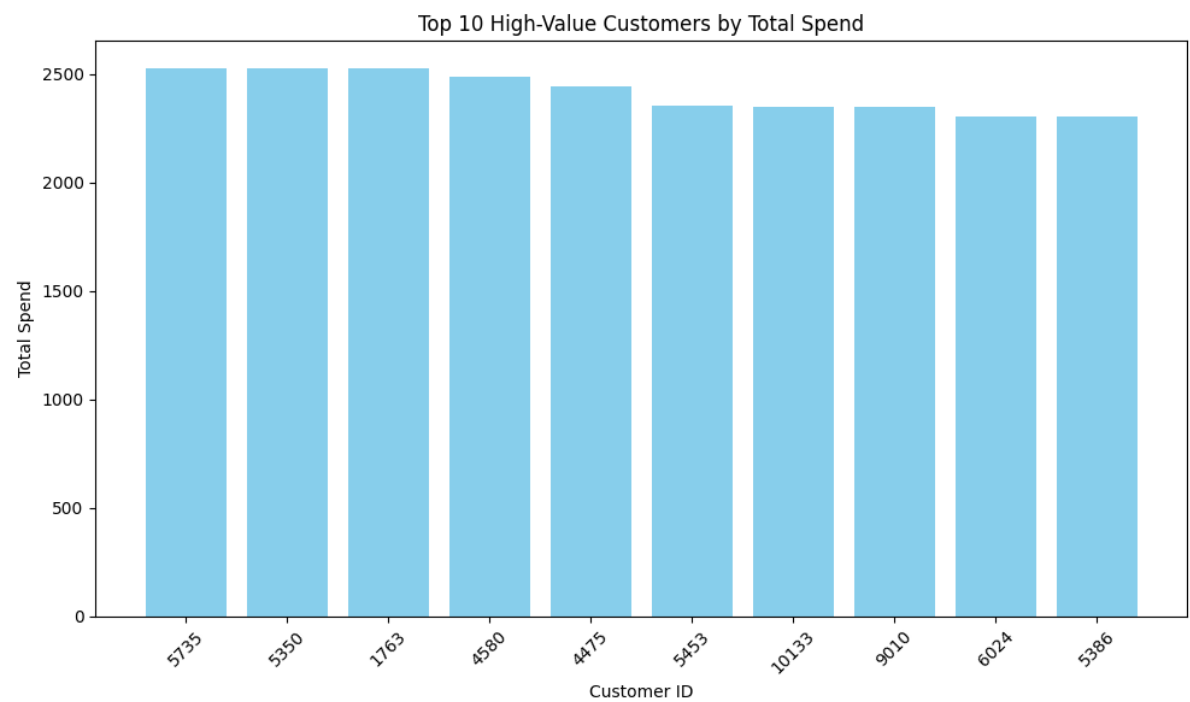
High-Value Customer Analysis

Key Insights

1. Consistent Spending: The top 10 high-value customers show total spending ranging from 2302 to 2525.
2. Diverse Income Levels: High-value customers come from various income brackets, with incomes ranging from 69,098 to 94,384.
3. Non-Income Factors: The analysis indicates that high spending is not solely dependent on income, suggesting that factors such as loyalty and customer experience play significant roles.

Visual Summary

Bar Chart

Total spend for the top 10 high-value customers, showcasing their contribution to overall revenue.

Top 10 High-Value Customers by Total Spend

Key Takeaway

High-value customers are crucial for business growth. Personalised retention strategies, such as exclusive promotions and loyalty programs, can sustain their spending levels and enhance their satisfaction.

Sentiment Analysis by Customer Segment

Key Insights

Average Sentiment Scores:

1. High-Value Segment: Average sentiment score of 0.176, indicating moderate satisfaction.
2. Moderate-Value Segment: The lowest average sentiment score at 0.075, despite having the highest feedback count.
3. Low-Value Segment: Average sentiment score of 0.173, showing room for improvement but higher than the moderate-value segment.

Visual Summary

Bar Chart:

Average sentiment by customer segment, highlighting differences in satisfaction levels.
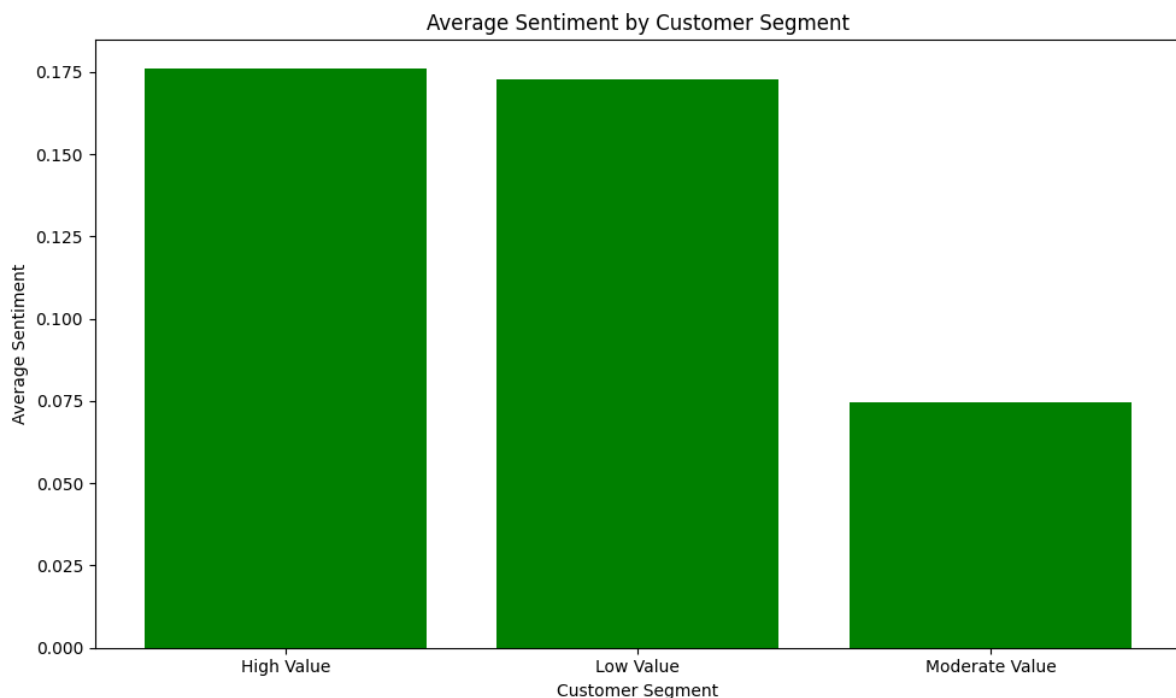
Key Takeaway

1. Moderate-value customers show significant dissatisfaction. Addressing their pain points can improve overall sentiment and potentially elevate them to higher-value segments.
2. High-value customers, while moderately satisfied, could benefit from initiatives to enhance their loyalty further.

Income vs. Total Spend Analysis

Key Insights

1. Non-Linear Relationship: High spending does not correlate directly with the highest income levels. This suggests that customer loyalty, satisfaction, and experience may drive spending more than income alone.
2. Diverse Spending Patterns: Customers with varying income levels contribute to high spending, highlighting the potential effectiveness of targeted loyalty programs and personalised customer experiences.

Visual Summary

Scatter Plot:

Visualises the relationship between income of high-value customers and total spend, showing that spending behaviour extends across different income brackets.

Income vs. Total Spend for High-Value Customers
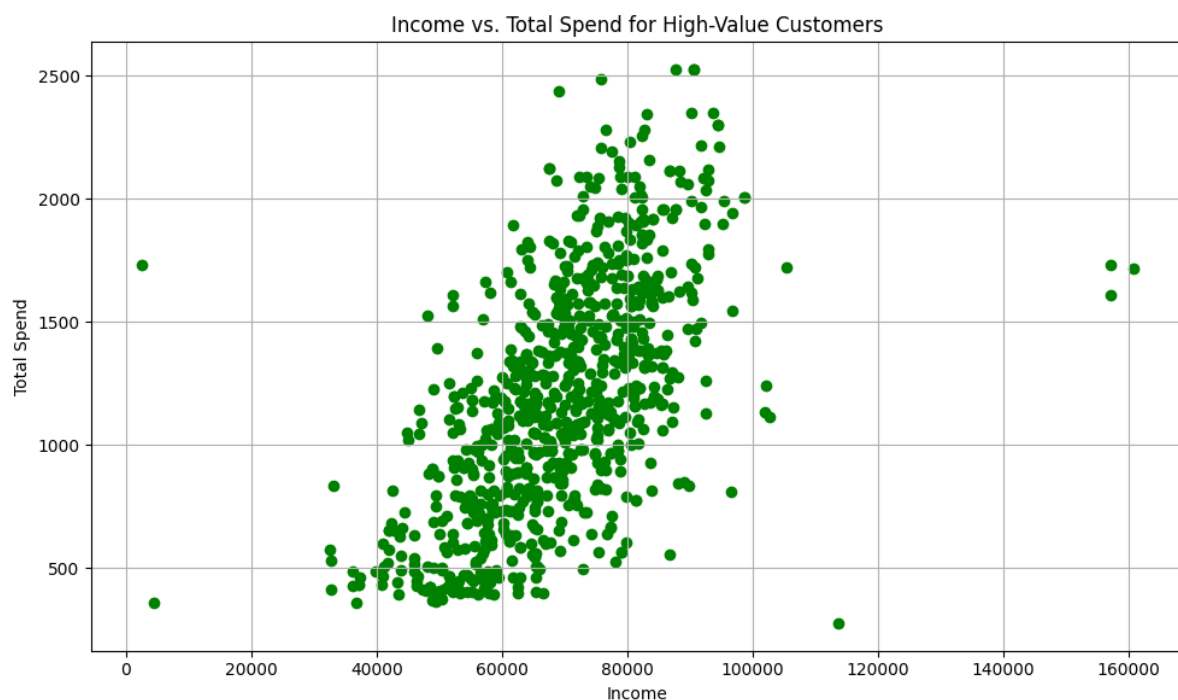
Key Takeaway

Insight for CX Strategy: Enhancing customer experience through loyalty initiatives and tailored services can be more impactful than income-based targeting alone.

Actionable Recommendation: Focus on engagement strategies that resonate across income levels, leveraging personalised communications and exclusive offerings.

Recommendations

High-Value Customers

Retention Strategies: Implement personalised retention strategies such as exclusive promotions, loyalty rewards, and early access to new products.
Goal: Strengthen customer loyalty and sustain high spending levels.

Moderate-Value Customers

Improve Sentiment: Address specific feedback to improve sentiment scores and customer satisfaction.
Actions: Provide targeted support, product enhancements, and engagement initiatives to convert moderate-value customers into high-value ones.
Goal: Boost their satisfaction and potential for higher spending.

Low-Value Customers

Increase Feedback Collection: Encourage more feedback through incentives like discounts or loyalty points for survey participation.
Actions: Use collected insights to tailor marketing and engagement efforts.
Goal: Understand their needs better to enhance engagement and satisfaction.

Overall Strategy

Personalised Engagement: Use data-driven insights to tailor communication and services that resonate with each segment.
Iterative Approach: Continuously monitor customer responses to refine and optimise strategies.

Conclusion

Summary of Insights

1. High-Value Customers: Show consistent spending but require personalized strategies to sustain and enhance loyalty.
2. Moderate-Value Customers: Exhibit the lowest sentiment scores despite higher engagement, indicating potential areas for improvement.
3. Low-Value Customers: Present opportunities for deeper engagement through increased feedback collection.

Key Takeaway

This analysis demonstrates how customer data can be leveraged to inform customer experience (CX) strategies. By understanding spending behaviour, sentiment, and

segment-specific needs, businesses can enhance overall satisfaction and drive long-term growth.

Next Steps

1. Implement the outlined recommendations to improve customer loyalty, sentiment, and engagement.
2. Continuously track and adapt strategies based on updated data and customer feedback.

Utilising these insights positions the business to make informed, data-driven decisions that enhance customer experiences and foster sustainable growth.