

Zomato Customer Segmentation & Behavioral Analysis

Business Intelligence Analytics Final Project

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Objective of the analysis:

About Zomato: Zomato is a global food delivery and restaurant discovery platform users across multiple countries.

Business Question: Who are Zomato's customers are, how do they behave, and how can they can be segmented to uncover insights that drive revenue and strategic decision-making?

Methodology

Data Used: orders.csv, users.csv.

Tools Used: Tableau Public

RFM Segmentation: Analyzed customer behavior based on **Recency, Frequency, and Monetary value**. Each user received a score from 1-5 in each category, with 555 indicating the most active and valuable customers, and 111 the least.

Joins: A left join was applied in Tableau, linking users.csv to orders.csv to include only customers with at least one order.

Cleaning Steps:

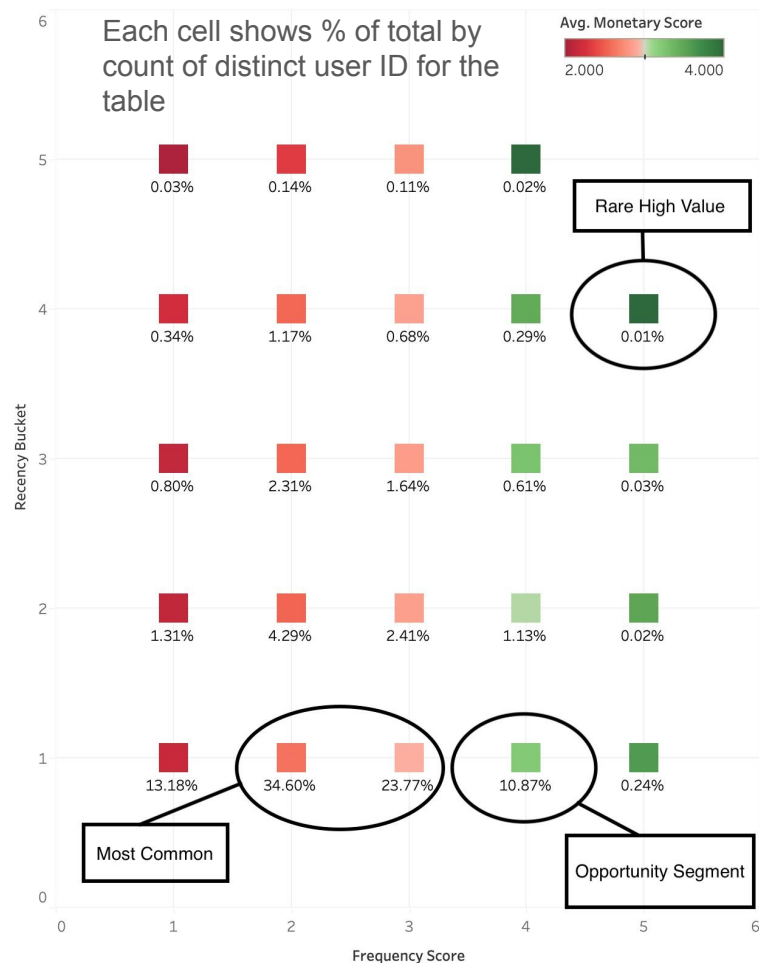
- Filtered out a small number of orders in USD to ensure currency consistency.
- Removed duplicate “INR” values caused by extra spaces.
- Corrected a typo in the Occupation field (“self-employed” -> “self-employed”).

Segmentation Insights

Key patterns from RFM Matrix and Segment Distribution

- **Most Common Segment: RFM 122**
Represents customers who purchase somewhat recently and somewhat frequently, but spend less; a high volume, low value segment ideal for low-cost promotions or loyalty nudges.
- **Other Prominent Segments:**
123, 133, 112, and 132. All reflect varying balances of moderate recency/frequency, but generally low monetary scores. These groups could benefit from upselling campaigns or bundling strategies.
- **Rare High-Value Customers: RFM 544**
Very few customers fall into high-spend, high-recency segments. These are prime targets for VIP offers, retention offers, or referral incentives.
- **Opportunity Segments: (e.g. 143, 134, 144)**
Customers with moderate to high frequency and recency, but medium spending. These users may be nudged towards higher-value orders with targeted incentives or premium upgrades.

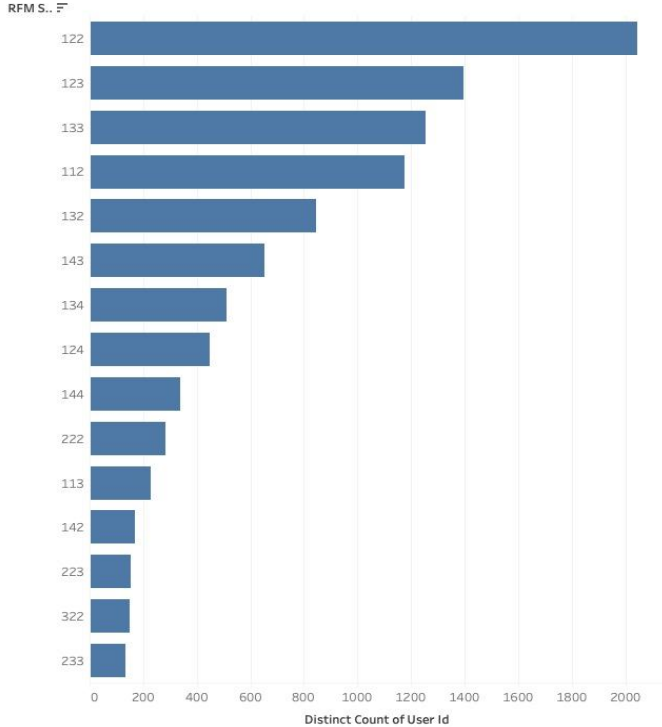
RFM Matrix



RFM Segment Composition & Volume

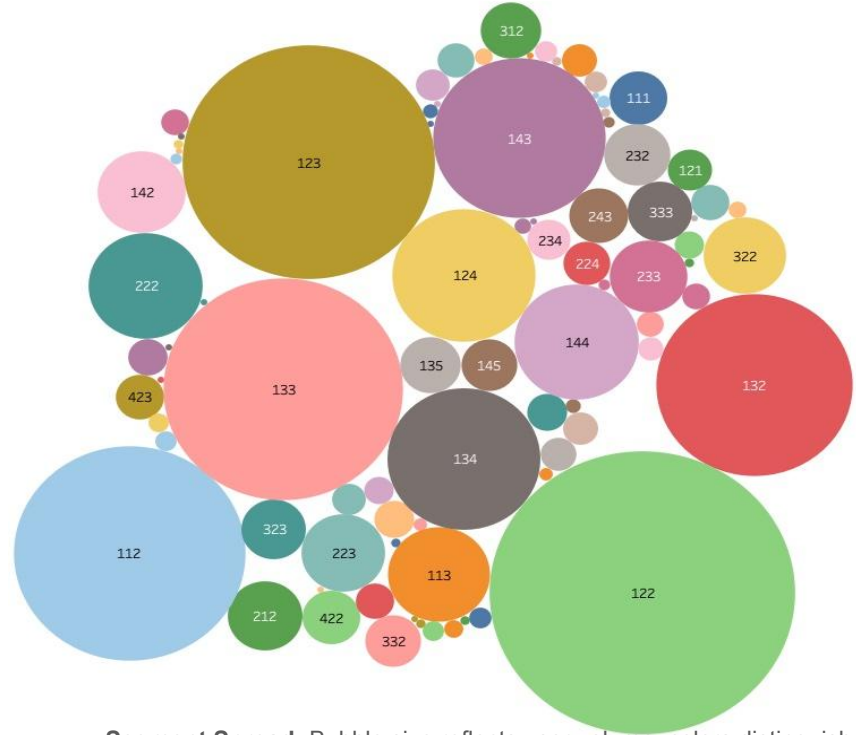
Top 15 segments by user count and their relative distribution by RFM Code

Top 15 RFM Segments by User Count



- **Dominant Segments:** RFM groups **122 to 132** comprise the majority of users, marked by mid-level recency/frequency and lower monetary value.
- **Filtered View:** Displaying the **top 15 segments** illustrates a skewed distribution toward low-to-mid value users.

Visualizing Customer Segments by RFM Code

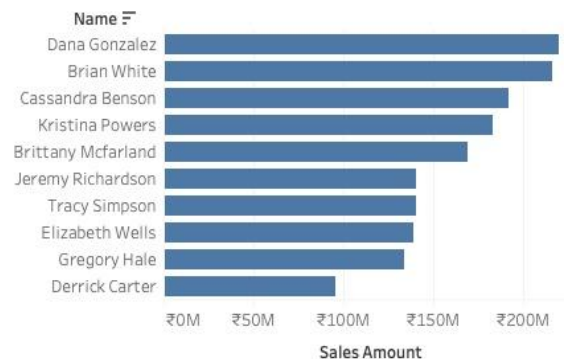


- **Segment Spread:** Bubble size reflects user volume; colors distinguish RFM codes across clusters.
- **User Base Shape:** The visual reveals a fragmented distribution, with concentration in **lower-value segments** and fewer users in high-RFM areas.

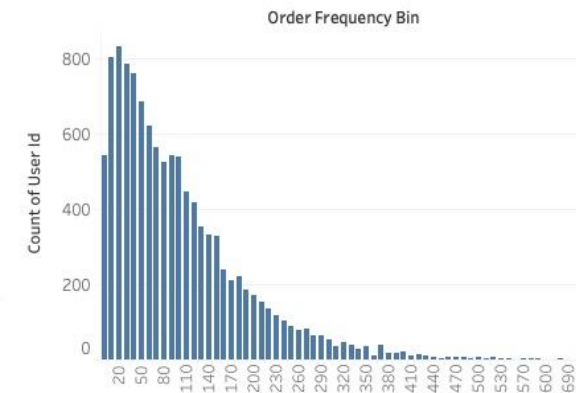
Customer Behavior Insights

- **Sales Trends by Year:** Sales peaked in January 2018 and declined through 2020, with no strong seasonal pattern. *Note: A small spike appears in July 2019 – what may have caused this?*
- **Order Frequency:** Most users are low-frequency buyers (20-30 orders); a smaller group of loyal users drives long-tail activity.
- **Top Spending Customers:** Revenue is concentrated among a small, high-value group. These users fall into RFM codes 135 and 145.
- **Sales by Weekday:** Sales peak on Fridays and Mondays, indicating strong weekday engagement

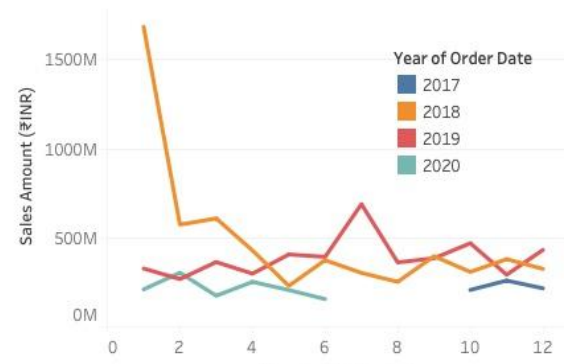
Highest Spending Customers



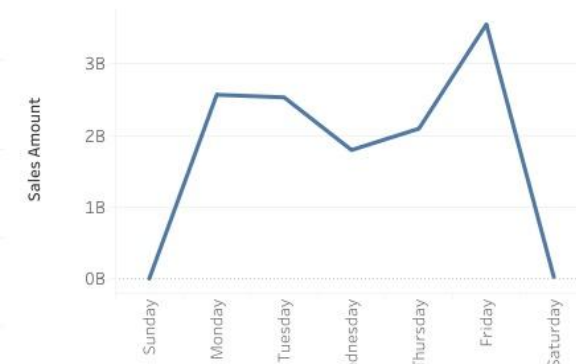
Order Frequency: How Often Do Users Buy?



Monthly Sales Trends (by Year)



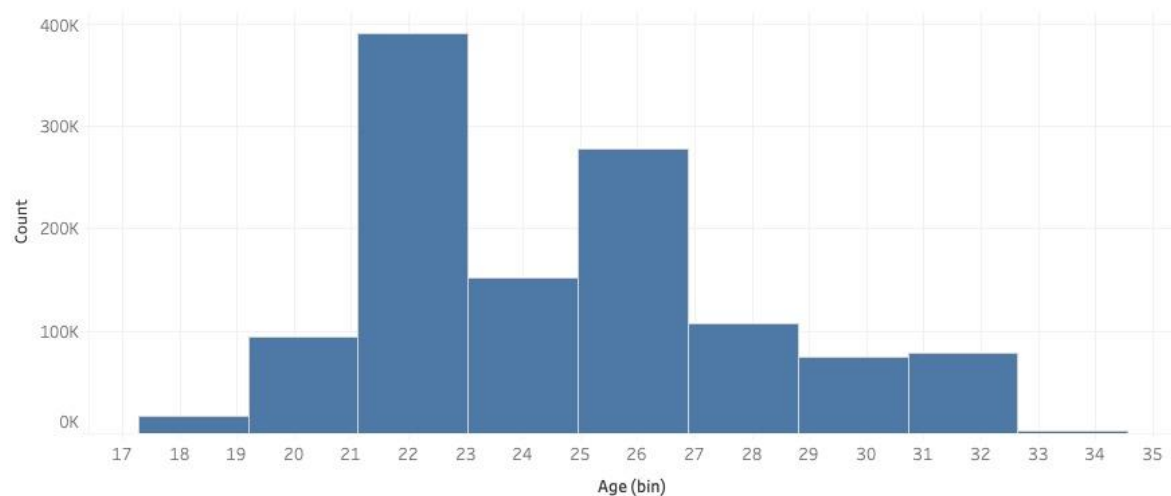
Sales by Day of Week



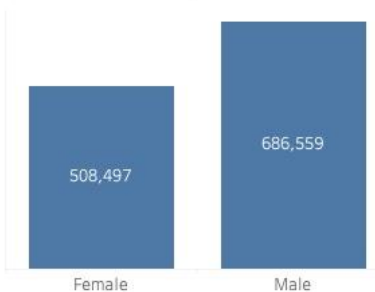
Demographic Insights

- **Young Core Audience:** The majority of users fall between 20-28, indicating a strong concentration of young adult customers.
- **High Student Engagement:** Students contribute the highest sales volume, suggesting strong brand resonance with this demographic.
- **Single Users Lead in Orders:** Among all marital groups, single users place the most orders.
- **Male Users Spend More:** While both genders are active, male users drive a higher share of total orders.

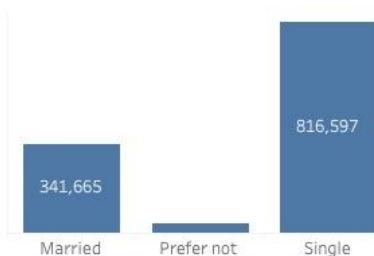
Customer Age Distribution



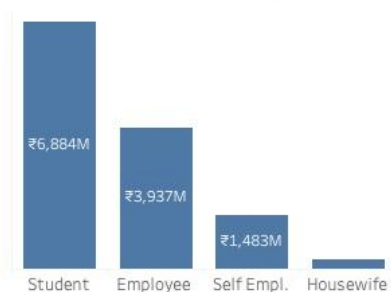
Total Orders by Gender



Total Orders by Marital Status



Sales by Occupation (INR)



Summary of Key Insights

Customer Segmentation:

- Majority of users fall into lower-frequency, low-recency segments (e.g., 112, 123, 122, 133)
- Small but valuable groups (e.g., 135, 145) contribute disproportionately to revenue.

Customer Demographics:

- Users are primarily young adults (ages 20-28), with high engagement among students.
- Single users and male users account for higher order volume.

Customer Behavior:

- Peak spending occurred in 2018, with no consistent seasonal pattern since.
- Most users place 20-30 orders; loyal users form a long-tail minority.
- Sales are strongest on Fridays and Mondays.

Strategic Takeaways & Recommendations

- **Target High-Value Segments**

Focus retention and re-engagement campaigns on RFM segments 135 and 145, who show high monetary value and frequency.

→ Send exclusive monthly offers and introduce a points-based loyalty program to reward repeat purchases.

- **Invest in Young Adult Marketing**

Tailor promotions to resonate with users aged 20-28, especially students, who drive both volume and spend.

→ Leverage Instagram Reels/Tiktok and short form video ads to increase brand resonance.

- **Optimize for Weekday Traffic**

Peak activity occurs on Fridays and Mondays.

→ Launch time-sensitive offers like “Free Fries Friday” or app notifications to drive engagement (e.g., “Free side with ₹X minimum”).

- **Engage Single & Male Users**

These groups lead in order volume.

→ Use personalized messaging or tailored incentives to deepen engagement and retention.

- **Offer Student Deals**

Students account for the highest sales volume.

→ Consider school-based partnerships, bulk meal offers, or referral bonuses aimed at student networks.

- **Explore Weekend Expansion**

Currently low weekend traffic presents untapped potential, seen by falling sales instead of rising.

→ Pilot limited weekend hours to attract busy weekday users or “lazy Sunday” demand.

- **Promote Re-Engagement for Inactive Users**

Target the low frequency buyers (long-tail users), as they represent a large share of the base.

→ Set up campaigns with personalized reminders, discount codes, or limited-time offers to increase engagement.