

Customer Segmentation Report

Project: BlinkIT Grocery Sales Analysis

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1. Segmentation Overview

This report segments BlinkIT's customers based on their purchasing behaviour, product preferences (e.g., item type, fat content), and interaction with different outlet types. The objective is to identify key customer groups, understand their purchasing patterns, and recommend strategies to boost sales and customer retention.

2. Segmentation Criteria

We segmented customers based on the following factors:

Purchasing Behaviour: Frequency of purchases, average purchase value, and preferred product categories (e.g., low-fat vs. regular-fat content).

Product Preferences: Preferred product types, including fresh groceries, snacks, dairy, and household items.

Outlet Engagement: Interaction with different types of outlets (Supermarket Type1, Supermarket Type2, Supermarket Type3, Grocery Stores).

3. Segment 1: High-Value, Health-Conscious Customers

Purchasing Behaviour:

High Purchase Frequency: These customers shop regularly, focusing on fresh and health-conscious products.

Product Preference: They prefer low-fat content items, particularly Fruits & Vegetables (₹86,031 for low-fat items) and Household Products (₹135,976 for low-fat items).

Average Purchase Value: High, as they purchase across multiple categories and prioritize quality.

Outlet Engagement:

These customers primarily shop at Supermarket Type1 outlets, which account for 65.5% of total sales. This outlet type excels in offering fresh produce, snacks, and other high-demand items.

Key Insight:

Health-Conscious Preferences: This segment favours items with low-fat content across multiple categories, from fresh produce to snacks and household products. The data reveals that low-fat items generally have a higher sales volume, especially for health-conscious products.

Recommendations:

1. **Expand Health-Conscious Product Lines:** Increase the range of low-fat and organic products in Supermarket Type1 outlets to cater to the demand from this segment.
2. **Targeted Marketing Campaigns:** Run personalized campaigns that emphasize health benefits, such as low-fat snacks and organic fruits, to increase engagement and repeat purchases.
3. **Loyalty Programs:** Introduce membership benefits or health-focused loyalty programs to reward frequent buyers from this segment.

4.Segment 2 : Outlet-Specific Buyers

Purchasing Behaviour:

Varied Purchase Frequency: These customers' shopping patterns are influenced by the outlet type. For example, customers visiting Supermarket Type1 tend to make frequent, high-value purchases, whereas those at Grocery Stores or Supermarket Type2 purchase less frequently and focus on fewer product categories.

Product Preference:

Supermarket Type1 customers prefer fresh items like **Fruits & Vegetables**, generating a high proportion of sales in this category (₹86,031 for low-fat items, ₹92,092 for regular-fat items).

Grocery Stores and **Supermarket Type2** customers favour **Snack Foods** (₹108,297 for low-fat snacks, ₹67,137 for regular-fat snacks), as well as staple items like **Soft Drinks** and **Household Products** (blinkit analysis 2).

Outlet Engagement:

Supermarket Type1 dominates sales, contributing **65.5%** of total revenue. These customers are attracted to the diverse product range and availability of fresh items.

Grocery Stores and **Supermarket Type2** customers make fewer purchases but are more likely to buy items that are staples or often on sale, such as snacks and drinks(blinkit analysis 2).

Key Insight:

Outlet-Specific Behavior: Customers shop differently depending on the outlet type. Supermarket Type1 caters to shoppers who value fresh, diverse offerings, while Grocery Stores and Supermarket Type2 tend to attract customers who prioritize convenience and quick purchases(blinkit analysis 2).

Recommendations:

1. **Optimize Product Assortment by Outlet:** Ensure that each outlet type is stocked with the right product mix based on its typical customer behavior. For example, **Supermarket Type1** should continue emphasizing fresh products, while **Grocery Stores** might benefit from more promotions on snacks and essentials.
2. **Promote Outlet-Specific Deals:** Tailor promotions to each outlet's strengths. For **Supermarket Type1**, highlight fresh items, while for **Grocery Stores** and **Supermarket Type2**, focus on discounting frequently purchased items like snacks and soft drinks.

3. **Location-Based Expansion:** Consider opening more **Supermarket Type1** outlets in underrepresented areas to capture more high-value customers, while using Grocery Stores for regions where convenience is key.

5. Segment 3: Product-Focused Shoppers

Purchasing Behaviour:

- **Strong Preference for Specific Product Types:** This segment is driven by their preferences for certain products, particularly regarding fat content. Customers in this segment typically:
 - **Low-Fat Preference:** Favor low-fat versions of products across categories, especially in **Snack Foods** (₹108,297 in low-fat sales), **Dairy** (₹61,494 in low-fat sales), and **Fruits & Vegetables** (₹86,031 in low-fat sales).
 - **Regular-Fat Preference:** A smaller portion prefers regular-fat items, but they still contribute to notable sales, particularly in **Fruits & Vegetables** (₹92,092 in regular-fat sales) and **Frozen Foods** (₹56,000 for regular-fat items)(blinkit analysis 2).

Product Preference:

- **Health-Conscious Choices:** This group tends to choose products with lower fat content, possibly driven by health concerns or dietary preferences. Low-fat items tend to receive higher ratings and have higher sales, showing a clear preference for health-conscious choices across product categories.
- **Regular-Fat Preference in Specific Categories:** Some shoppers continue to favour regular-fat versions, particularly in indulgent categories like **Frozen Foods**, **Snack Foods**, and **Meat**.

Engagement:

- This segment tends to be highly engaged, especially with promotions focused on health benefits. They are responsive to targeted marketing for healthy food choices and actively look for products labeled as low-fat or health-conscious.

Key Insight:

- **Preference for Low-Fat Products:** The analysis shows that customers prefer **low-fat** products in most categories, except for indulgent items like snacks and meat, where regular-fat content is still valued. This indicates that health-conscious shoppers are a key segment for BlinkIT, but there's also room to market indulgent options.

Recommendations:

1. **Expand Low-Fat Product Lines:** Continue expanding the low-fat product offering, particularly in high-performing categories like **Snacks**, **Dairy**, and **Fruits & Vegetables**. This will cater to health-conscious customers and boost sales.
2. **Targeted Health Campaigns:** Create marketing campaigns focused on the health benefits of low-fat items. Promote these products through email newsletters, in-app notifications, and advertisements emphasizing their health advantages.

3. **Balance Marketing for Indulgence:** For categories where regular-fat items still perform well (e.g., **Frozen Foods, Meat**), balance marketing efforts by promoting the flavor and indulgence factor, offering discounts and cross-promotions for these items to appeal to both health-conscious and indulgence-seeking customers.

6. Key Insights from Data:

Supermarket Type1 Dominance: Supermarket Type1 outlets are the most successful, contributing 65.5% of total sales. Expanding these outlets and focusing on popular product categories, such as Fruits & Vegetables, can drive higher sales.

Preference for Low-Fat Products: Across all segments, low-fat items consistently generate higher sales, particularly in categories like Fruits & Vegetables, Household Products, and Snack Foods. Promoting these items more effectively can attract health-conscious customers.

Product Ratings and Sales: Products with higher customer ratings tend to generate more sales. The top-rated items, particularly Fruits & Vegetables and Low-Fat Snack Foods, dominate sales, reinforcing the importance of maintaining high product quality and customer satisfaction.

7. Conclusion:

By segmenting BlinkIT's customers based on purchasing behaviour, product preferences, and engagement with different outlets, we can develop more targeted marketing strategies. Expanding health-conscious offerings, optimizing promotions, and improving product quality for low-rated items will likely result in higher customer satisfaction and increased sales. Focusing on Supermarket Type1 outlets and tailoring promotional efforts to specific customer groups will help BlinkIT maximize profitability and customer retention.

The **Product-Focused Shoppers** segment highlights the strong influence of product preferences, particularly related to fat content. BlinkIT can leverage this insight by expanding its low-fat product lines and running targeted marketing campaigns that focus on health benefits. Simultaneously, promoting indulgent options in categories like snacks and frozen foods will allow BlinkIT to capture both health-conscious and indulgence-seeking consumers, optimizing sales across both groups.