CUSTOMER SEGMENTATION ANALYSIS

PRESENTED BY: GROUP 2

PROBLEM STATEMENT

As MyOnlineShop prepares for launch, one of the most important strategic capabilities we want to build early is customer understanding. Before we can personalize recommendations, design targeted promotions, or optimize retention strategies, we must first understand who our customers are and how they behave.

OBJECTIVES

- Develop an analytical mindset around customer behavior.
- Explore customer dataset to identify key behavioral signals
- Translate signals into clear customer segments that the business can act on.

EXECUTIVE SUMMARY

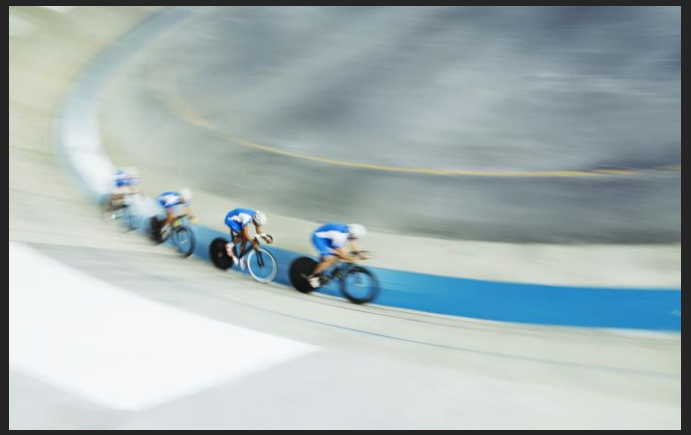
This analysis segmented customers based on purchasing behavior to support personalization, marketing, and customer experience strategies for an e-commerce platform.

Visual summaries highlight clear behavioural differences across created personas. From a business perspective, the results support selective reactivation for Gone-Cold customers, retention and upselling for Steady-Does-It customers, and high-touch loyalty strategies for the most valuable customers. Overall, the segmentation provides a practical foundation for targeted personalization and efficient resource allocation.

CUSTOMER PERSONA

“Gone-Cold”

- Consists of 1094 “at-risk” customers.
- Recency (mean ≈ 244 days) : they haven’t bought in a long time.
- PurchaseCount (median = 1) : mostly one-time buyers.
- TotalSpend (median ≈ 297) : low overall value.



“Steady-Does-It”

- Consists of 3175 regular customers.
- Recency (mean ≈ 40 days) → fairly recent activity
- PurchaseCount (median = 3) : repeat buyers
- TotalSpend (median ≈ 861) : moderate spend

“I Like It, I Buy it”

- Consist of 21 high-value customers
- Recency (mean ≈ 6 days) : extremely recent activity
- PurchaseCount (median = 51) : very frequent buyers
- TotalSpend (median ≈ 46,752) : extremely high value

AT-RISK CUSTOMERS

“Gone-Cold”

AT-RISK / GONE-COLD CUSTOMERS

WHO THEY ARE

Gone-Cold customers made one or two purchases in the past, spent relatively little, and have not returned for a long time. Their long recency suggests they are either disengaged or have moved on to alternatives.

They are not actively interacting with the business, but they are not necessarily "lost forever."

WHAT THIS MEANS FOR THE BUSINESS

This group represents **churn risk**, but also a **reactivation opportunity**. While they may not respond to premium offers, they can be nudged back with the right incentives.

HOW THEY BEHAVE

- Purchase infrequently or only once
- Low total spend
- Long gap since last purchase
- Low current engagement

RECOMMENDED ACTIONS

- Run win-back campaigns (discounts, limited-time offers)
- Use reminder or re-engagement emails ("We miss you" messaging)
- Highlight new or improved products since their last purchase
- Avoid heavy marketing spend — keep efforts lightweight and targeted

GOAL: Re-activate selectively, without overspending on low-value customers.

REGULAR CUSTOMERS

"Steady Does It"

REGULAR / “STEADY DOES IT” CUSTOMERS

WHO THEY ARE

Steady-Does-It customers form the **core of the business**. They buy reasonably often, spend a moderate amount, and remain fairly active over time.

They are reliable, predictable, and responsive to good customer experience.

WHAT THIS MEANS FOR THE BUSINESS

This group provides **stable revenue** and represents the **best opportunity for growth** through retention and upselling.

HOW THEY BEHAVE

- Purchase regularly
- Moderate but consistent spending
- Fairly recent activity
- Balanced engagement

RECOMMENDED ACTIONS

- Loyalty programs or rewards for repeat purchases
- Personalized recommendations based on past behavior
- Gentle upselling or cross-selling
- Early access to promotions or new products

GOAL: Retain, nurture, and gradually increase customer lifetime value.

HIGH-VALUE CUSTOMERS

"I Like It, I Buy It"

HIGH-VALUE / “I LIKE IT, I BUY IT” CUSTOMERS

WHO THEY ARE

These customers are extremely engaged. They buy often, spend heavily, and return frequently. Although they are few in number, they contribute disproportionately to revenue.

They already like the product — the business’s job is to not lose them.

WHAT THIS MEANS FOR THE BUSINESS

This is a **VIP segment**. Losing even a small number of these customers could have an outsized impact on revenue.

HOW THEY BEHAVE

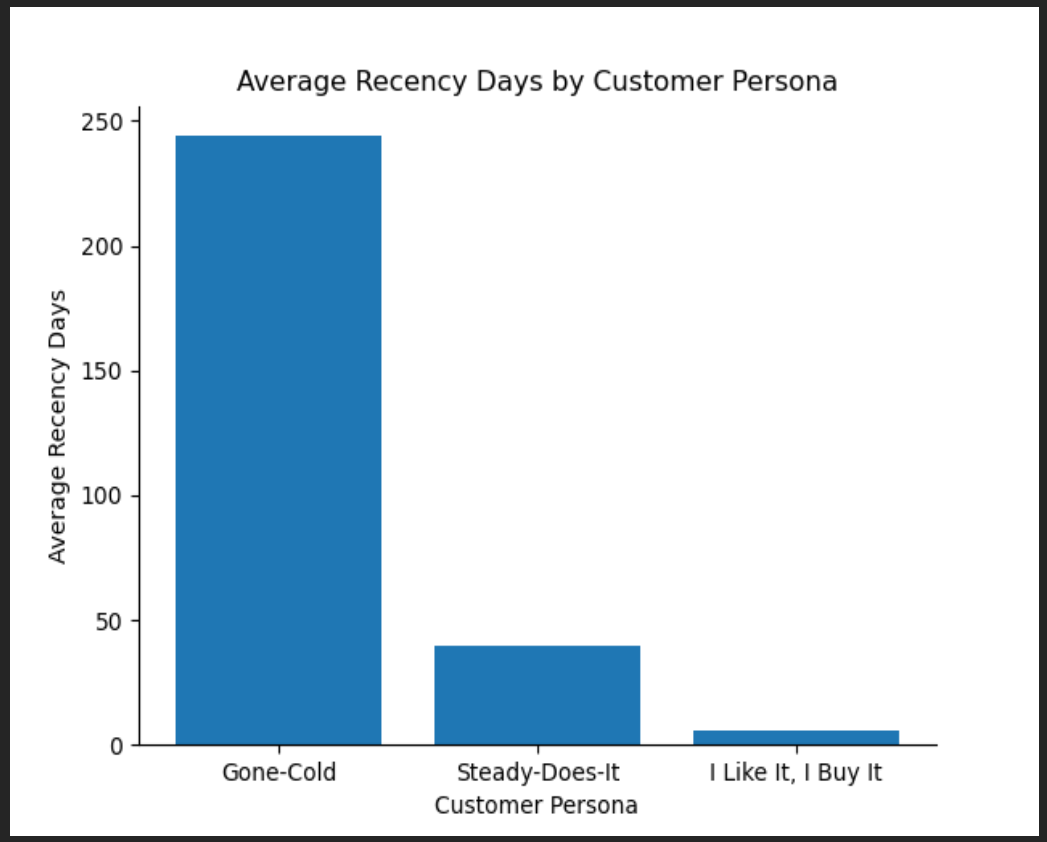
- Very frequent purchases
- Extremely high total spend
- Very recent activity
- Strong product affinity

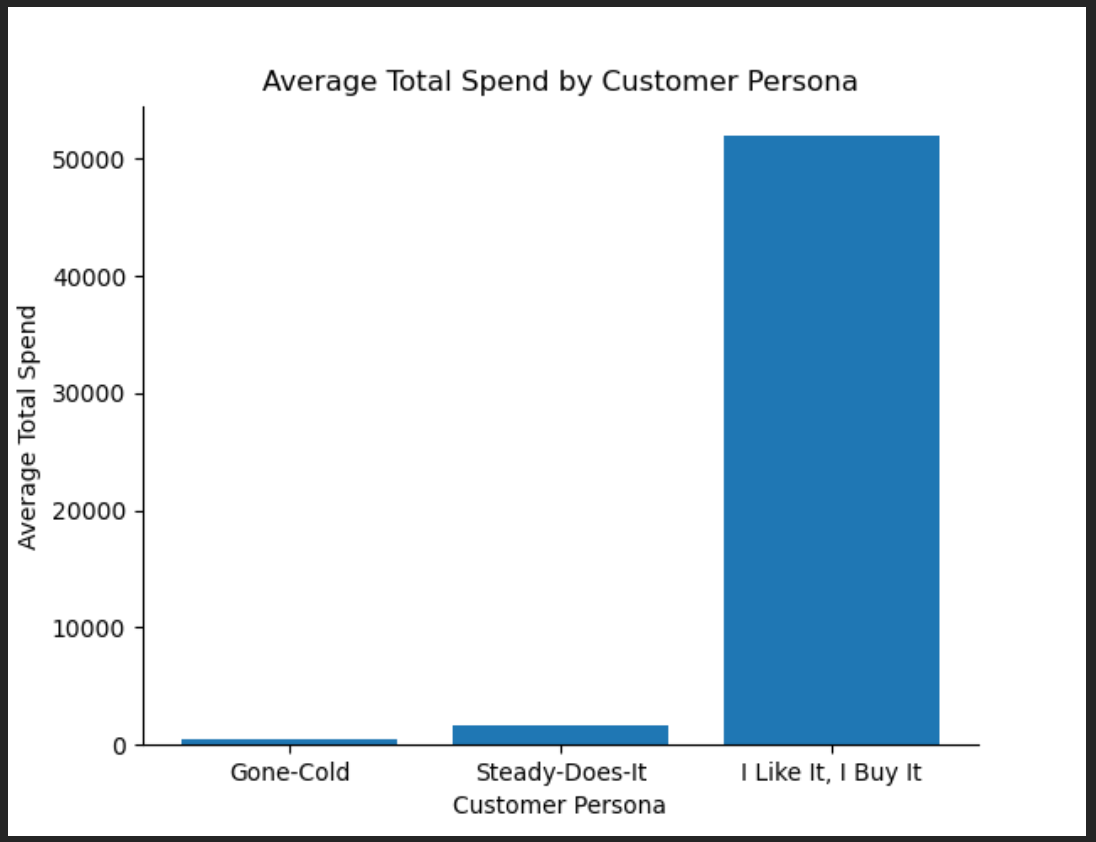
RECOMMENDED ACTIONS

- Personalized, high-touch communication
- Exclusive offers or early access
- Priority support or service
- Special loyalty or VIP recognition programs

GOAL: Protect, delight, and reward the most valuable customers.

SEGMENT COMPARISON BY FEATURES





CONCLUSION

By aligning personalization and marketing strategies with customer personas, the platform can improve customer experience while maximizing revenue impact and marketing efficiency.

Thank you for listening!