Zomato.
Customer Segmentation Analysis

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Overview

This project focuses on the analysis of Zomato's customer base and their users' purchase behavior patterns through two segmentation techniques:

- Demographic customer analysis segmentation.
- RFM customer analysis segmentation.

The goal was to identify who are Zomato's customers in terms of gender, age, income, occupation, and educational level to apply targeted marketing . The RFM analysis would provide insights on which customer segments the marketing team should focus their attention in order to improve the business performance and reduce churn rates.
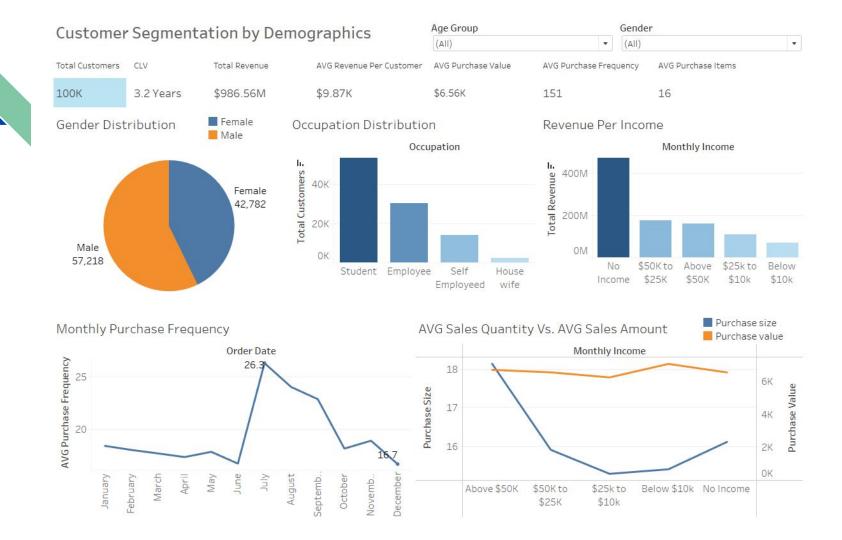
Who is Zomato?

Zomato is a multinational restaurant aggregator and food delivery company.

Demographic Segmentation Dashboard

This dashboard provides information on distinct customer segments based on the following:

- Demographic factors, including age, gender, education level, occupation, and marital status.
- Business-related factors, including Total customers, Customer Lifetime Value, Total Revenue, Average Revenue Per Customer, Average Purchase Value, Average Purchase Frequency, and Average Purchase Items.
- Trend analysis of monthly purchase frequency to identify seasonality in purchase behavior.
- A comparison between average sales quantity vs. average sales amount based on customers' income level.

This data can be further filtered based on customer base age group and gender.

Customer Segmentation by Demographics

Age Group
(All) ▼

Gender
(All) ▼

Total Customers	CLV	Total Revenue	AVG Revenue Per Customer	AVG Purchase Value	AVG Purchase Frequency	AVG Purchase Items
100K	3.2 Years	$986.56M	$9.87K	$6.56K	151	16

Gender Distribution

Female
Male

Female
42,782

Male
57,218

Occupation Distribution

Occupation

Total Customers

40K

20K

0K

Student | Employee | Self Employeed | House wife

Revenue Per Income

Monthly Income

Total Revenue

400M

200M

0M

No Income | $50K to $25K | Above $50K | $25k to $10k | Below $10k

Monthly Purchase Frequency

Order Date

26.3

AVG Purchase Frequency

25

20

16.7

January | February | March | April | May | June | July | August | Septemb.. | October | Novemb.. | December

AVG Sales Quantity Vs. AVG Sales Amount

Purchase size
Purchase value

Monthly Income

Purchase Size

18

17

16

Purchase Value

6K

4K

2K

0K

Above $50K | $50K to $25K | $25k to $10k | Below $10k | No Income

Demographic Findings

- Most customers are students (no income) or middle class employees with an income between $50k and $25k.
- The majority of customers (female and male) are students with no income (53k+ total customers).
- More than 57k out of 100k customers are males.
- Zomato's customer based is made of male students between the ages of 23 and 27. This customer segment counts with more 15k+ customers.
- Their purchase behavior is affected by seasonality, presenting a spike in purchase frequency (26.3 days) in July, and their lowest average purchase frequency happening in December (16.7).
- Customers with a salary above $50k present a higher purchase size, 3 points above customers with salaries between $25k and $10k.
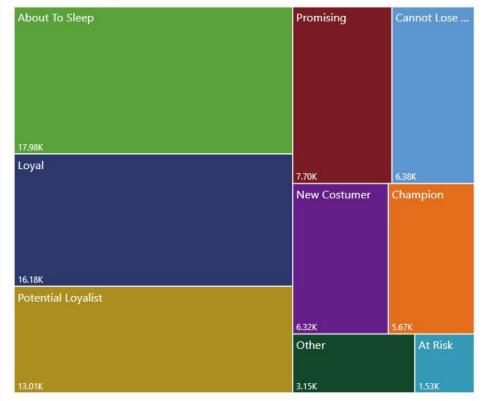
RFM Segmentation Dashboard

This dashboard provides information on customer segmentation based on the RFM analysis. Customers are grouped in categories based on the scores associated to their recency, frequency, and monetary values, describing purchase behavior patterns.

This customer segmentation is made out of nine categories, from most valuable to churned customers.

- Treemap: represent each customer segment.
- KPIs for average recency, frequency, and average spent.
- Bar charts: they show the average recency, frequency, and monetary value by their corresponding scores.

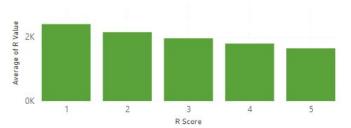# RFM Analysis

RFM Customer Segmentation

About To Sleep 17.98K	Promising 7.70K / Cannot Lose ... 6.38K
Loyal 16.18K	New Costumer 6.32K / Champion 5.67K
Potential Loyalist 13.01K	Other 3.15K / At Risk 1.53K

AVG Recency	AVG Frequency	AVG Spent
1.99K	1.93	$489

Average of R Value by R Score

Average of F Value by F Score

Average of M Value by M Score

Customer Segments

Champion (R: 4-5, F: 4-5, M: 4-5)
Top tier of loyalty and revenue generation. Purchased recently, frequently, and have a high monetary value.

Loyal (R: 3-4, F: 4-5, M: 4-5)
Consistent in their purchases. Have high frequency and spend, indicating loyalty and regular engagement.

Potential Loyalist (R: 3-4, F: 3-4, M: 3-4)
Decent purchase frequency and monetary value, but may need more engagement or incentives to become Champions.

New Customer (R: 5, F: 1-2, M: 1-2)
New to the brand and have yet to establish frequency or high monetary value.

Promising (R: 4-5, F: 2-3, M: 2-3)
Show potential with recent purchases and moderate frequency. They could become more valuable with targeted engagement.

Need Attention (R: 2-3, F: 2-3, M: 2-3)
Were once more active but have started to drop in their frequency and monetary value. They require re-engagement strategies

About to Sleep (R: 2-3, F: 1-2, M: 1-2)
At risk of becoming inactive. Their purchase frequency and monetary value have significantly dropped.

At Risk (R: 1, F: 3-5, M: 3-5)
Have high frequency and monetary value but haven't purchased recently. They were once valuable but now need immediate attention to prevent churn.

Cannot Lose Them (R: 1, F: 1-2, M: 4-5)
Have a low recency score but historically had high monetary value. They need significant efforts to re-engage.

Hibernating (R: 1-2, F: 1-2, M: 1-2)
Have not purchased in a while and have lower frequency and monetary value. They are not engaged but not completely lost.

Lost Customer (R: 1, F: 1, M: 1)
Have not purchased in a long time and show minimal frequency and monetary value. They are likely to have churned.

Filter By Segment

🔍 Search

| Select.. | About... | At Risk | Cannot.. | Champ... | Hibern... |
| Lost... | Loyal | Need... | New... | Potenti... | Promi... |

user_id	RFM Score	Segment
1	233	Hibernating customers
2	144	Cannot Lose Them
3	311	New Customers
4	211	Hibernating customers
5	135	At Risk
6	211	Hibernating customers
8	313	Promising
9	445	Champions
10	535	Need Attention
13	442	Potential Loyalist
14	115	Cannot Lose Them
15	333	Potential Loyalist
16	115	Cannot Lose Them
17	114	Cannot Lose Them
18	135	At Risk
19	115	Cannot Lose Them
20	444	Loyal
21	432	Potential Loyalist
22	334	Need Attention
23	213	About To Sleep
25	413	Promising
26	115	Cannot Lose Them

RFM Findings

- The largest groups are "About to Sleep" (17.98k users) and "Loyal" (16.18k users) which may suggest areas for targeted engagement to convert these into higher-value segments like "Champion."
- Only 5.6k customers are part of the "Champions" segment.
- At-risk customers such as "Cannot Lose Them" (6.38k users) and "At Risk" (1.53k users) represent a lower percentage of Zomato's total customer base, but a higher percentage of users compared to the user count in the "Champion" segment.

Summary Of Findings

The largest customer segments for Zomato are "About to Sleep" (17.98k users) and "Loyal" (16.18k users), indicating an opportunity to convert these groups into higher-value segments like "Champion." However, only 5.6k customers belong to the "Champion" segment, suggesting room for improvement in nurturing top-tier loyalty.

Demographically, most of Zomato's customers are students with no income or middle-class employees.

Customer purchase behavior is influenced by seasonality, with a spike in purchase frequency during July (26.3 days) and the lowest frequency in December (16.7 days).

These insights suggest targeted engagement and retention strategies to move customers into higher-value segments, while addressing the needs of at-risk groups.

Recommendations

- Offer gender and age group personalized experiences where these segments are underrepresented, such as discounts, targeted promotions, or gamified engagement experiences.
- Offer premium services, and exclusive product lines for customers with high income in segments like Champion and Loyal customers to enhance their experience and solidify loyalty.
- Provide high-value customer service and reminders of the brand benefits to ensure customers in the "Cannot Lose Them" segment feel valued.
- Consider one-time re-engagement offer such as steep discounts or special promotions to bring "At Risk" customers back.

Additional Information

Orders and Users data were used for this customer analysis segmentation .

In order to conduct the demographic and RFM analysis, I created additional tables with their corresponding relationships and calculations in Tableau and Power BI.

- Demographic segmentation:
  - CLV
  - Total and AVG revenue, and frequency, purchase and size values.
- RFM segmentation:
  - RFM table,
  - R,F, and M metrics and scores.
  - Segment scores.