

Customer Segmentation Report

Introduction

In the world of eCommerce, understanding our customers is key to success. This report dives into customer segmentation, where we analyze purchasing behaviors to identify distinct groups. By doing so, we can craft personalized marketing strategies that resonate with each segment.

Methodology

We started by preparing our data, focusing on three main features:

Total Transaction Value: The total amount spent by each customer.

Total Quantity Purchased: How many items each customer buys.

Unique Product Categories: The variety of categories purchased.

Using K-Means Clustering, we determined that four clusters best represent our customers. We validated this choice with the Elbow Method and Silhouette Score, ensuring our segments were meaningful.

Results

Our analysis revealed four distinct customer segments:

High-Value Customers: Frequent buyers with high transaction values, mainly in North America and Europe, who love Electronics.

Budget Shoppers: Customers who buy in bulk but spend less overall, primarily in Apparel and Home Decor.

Occasional Buyers: Infrequent shoppers with moderate spending, showing diverse interests across regions.

Loyal Electronics Enthusiasts: High spenders who frequently purchase Electronics.

Recommendations

To effectively engage these segments:

High-Value Customers: Offer loyalty rewards and exclusive deals.

Budget Shoppers: Promote discounts on bulk purchases.

Occasional Buyers: Launch targeted campaigns to encourage more frequent shopping.

Conclusion

By segmenting our customers into these four groups, we gain valuable insights that can drive tailored marketing efforts. This approach not only enhances customer satisfaction but also aligns with our business goals for growth and engagement.