

Customer Segmentation Analysis using Cluster Analysis

Executive summary for Walmart's leadership team

Prepared by Prince Hobby

Overview

The objective is to implement strategic initiatives to bridge the gap between Walmart's consumer satisfaction performance and the ACSI national average. By identifying areas for improvement and implementing targeted solutions, I aim to elevate Walmart's standing and provide an exceptional shopping experience, ultimately surpassing the national average and solidifying Walmart's position as a leading retailer.

Problem

The ACSI Retail Consumer Satisfaction Survey noted that Walmart ranked lower than the national average for consumer satisfaction in 2024 compared to other supermarkets in the United States. Walmart ranked at 74 compared to the national average of 79.

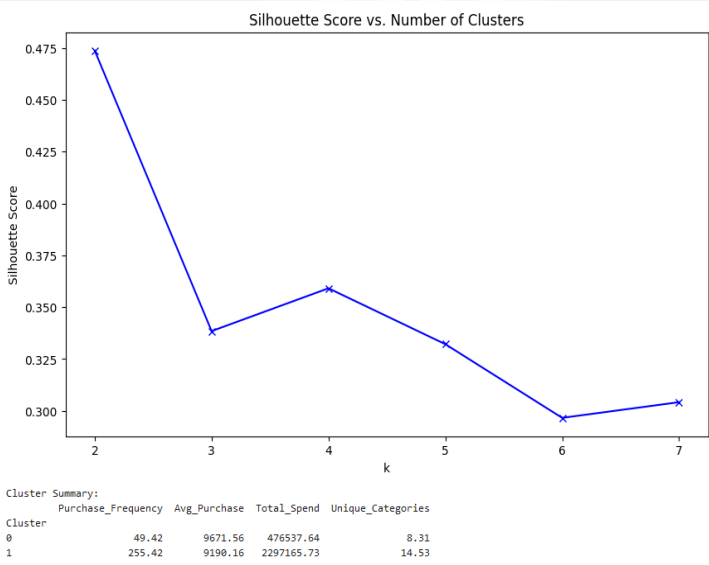
Solution

Comprehensive customer segmentation analysis enables Walmart to develop targeted marketing campaigns, optimized inventory management, and develop customer retention email marketing strategies.

Details

Segment 0, or the 'Occasional Buyers,' represents a valuable segment of conservative shoppers. With an average of 49 purchases and a higher average purchase value of \$9,671, these customers are selective and discerning.

Segment 1, the 'Power Shoppers,' are our high-frequency customers. With an impressive average of 255 purchases, they are the backbone of our business. These shoppers explore a wider range of categories, averaging 14.53, and are more experimental with their product choices.



Next Steps

Key Findings:

- Segment 0 customers have a churn rate of 28%.
- Segment 1 (Power Shoppers) shows significantly higher CLV (\$ 34.2M vs \$ 4.4M).

Priorities:

- Convert Segment 0 customers to Segment 1 behaviors.
- Convert high-risk Segment 0 customers.

Next Step:

- Develop customer retention strategies.
- Create re-engagement campaigns for low-frequency purchasers.