Customer Segmentation

Analysis

Agenda

- Business Case

- Customer Analysis

- Recommendations

Business Case

- "Prime Cinemas" is a movie theater and family entertainment company located in Canada.
- They want to **increase their brand loyalty and overall sales performance** by analyzing their customer spending behaviour.
- Analysis will help them to tailor their products and messages to better target them.
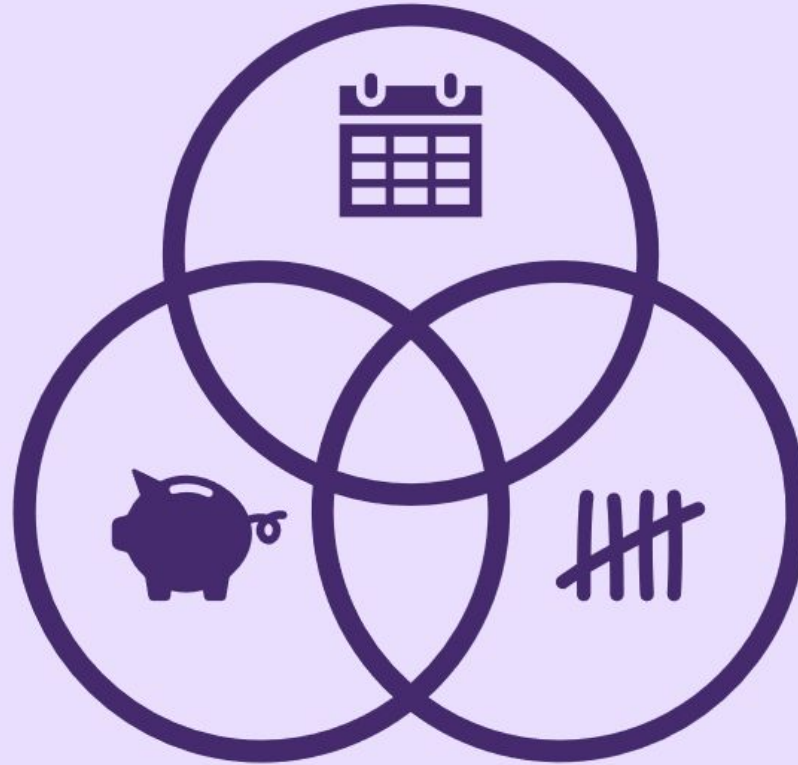
RFM Analysis

- RFM Analysis executed using Customer Id, Transaction Date and Transaction Amount.
- **Recency:** difference between last transaction date and current date (December 30th, 2030).
- **Frequency**: transaction count by customer
- **Monetary Value:** sum of all transaction amounts for a given customer.

Customer_id	Segment	RFM Score	Transaction Count	Recency Days	Amount ($)	Recency Score	Frequency Score	Monetary Score
0001BCF…	Potential Loyalist	331	12	1229	500	3	3	1
0011F14C...	Champions	555	182	376	19270	5	5	5
00635D52...	At Risk	133	12	4608	199.99	1	3	3
00766332…	Need Attention	223	8	1472	402.36	2	2	3

RFM Analysis Scales

Score	Recency Scale (days)	Frequency Scale (count)	Monetary Scale ($)
1	3,724 - 36,810	1 - 4	-53.9 - 0.4
2	1,472 - 3,693	5 - 9	1.08 - 91.0
3	771 - 1,409	10 - 25	91 - 498
4	467 - 741	26 - 128	499 - 4,120
5	376 - 437	129 - 1,760	4,122 - 74,560

Customer Segmentation by RFM Score

Champions

31%

R: 444 days
F: 239 transactions
M: $8,251

Loyal Customers

18%

R: 1,157 days
F: 30 transactions
M: $948

About to Sleep

7%

R: 2,456 days
F: 4 transactions
M: $9

Potential Loyalists

14%

R: 875 days
F: 8.3 transactions
M - $55

Need Attention

4%

R: 2,281 days
F: 9 transactions
M: $124

At Risk

4%

R: 5,091 days
F: 11 transactions
M: $341
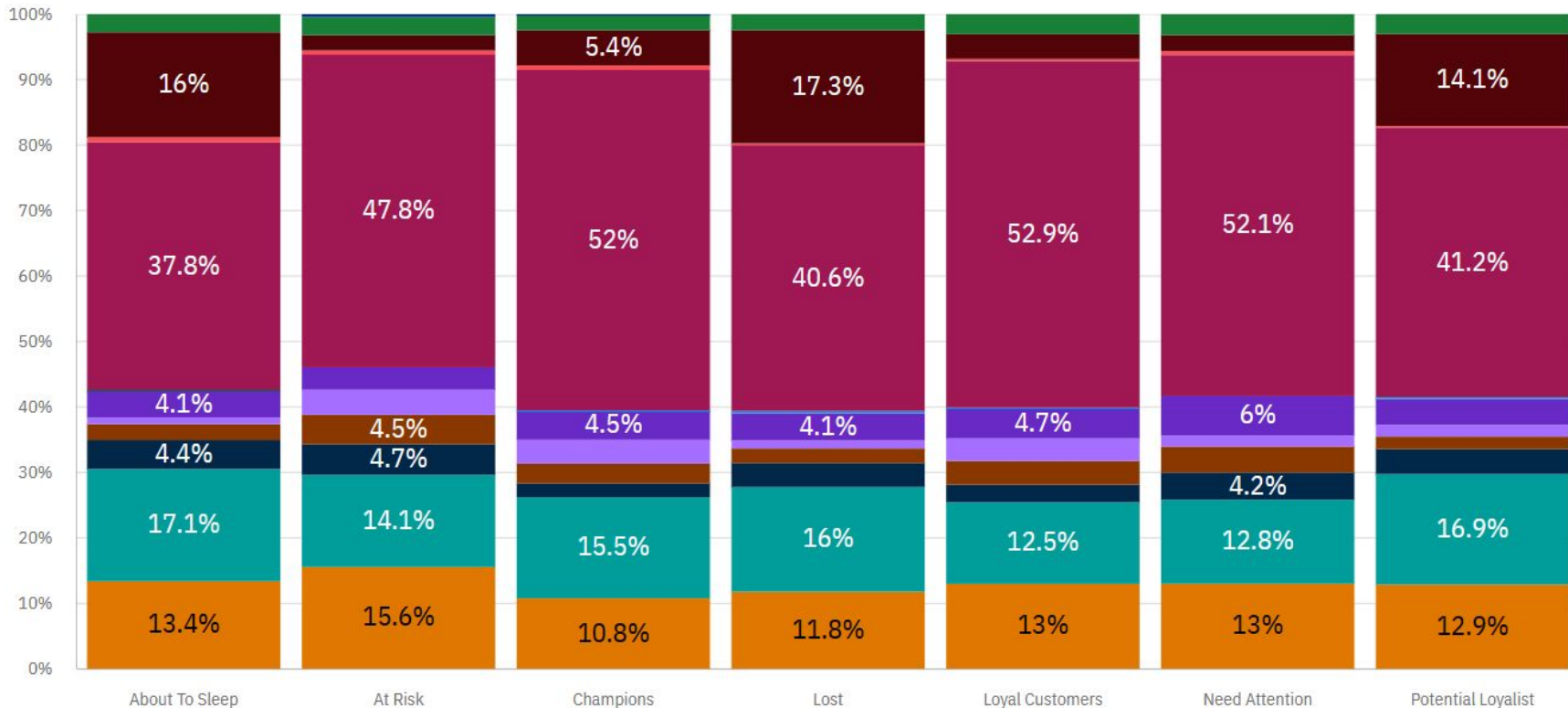
Lost

14%

R: 7,946 days
F: 3 transact.
M: $10

Customer Analysis

By Location

Insights:
- ★ **Most** of the customers for all segments are located in **Ontario**.
- ★ **Alberta, British Columbia** have a **similar distribution** across segments.
- ★ **Quebec** has significant **Lost and About to Sleep** customers, but also **Potential Loyalists.**
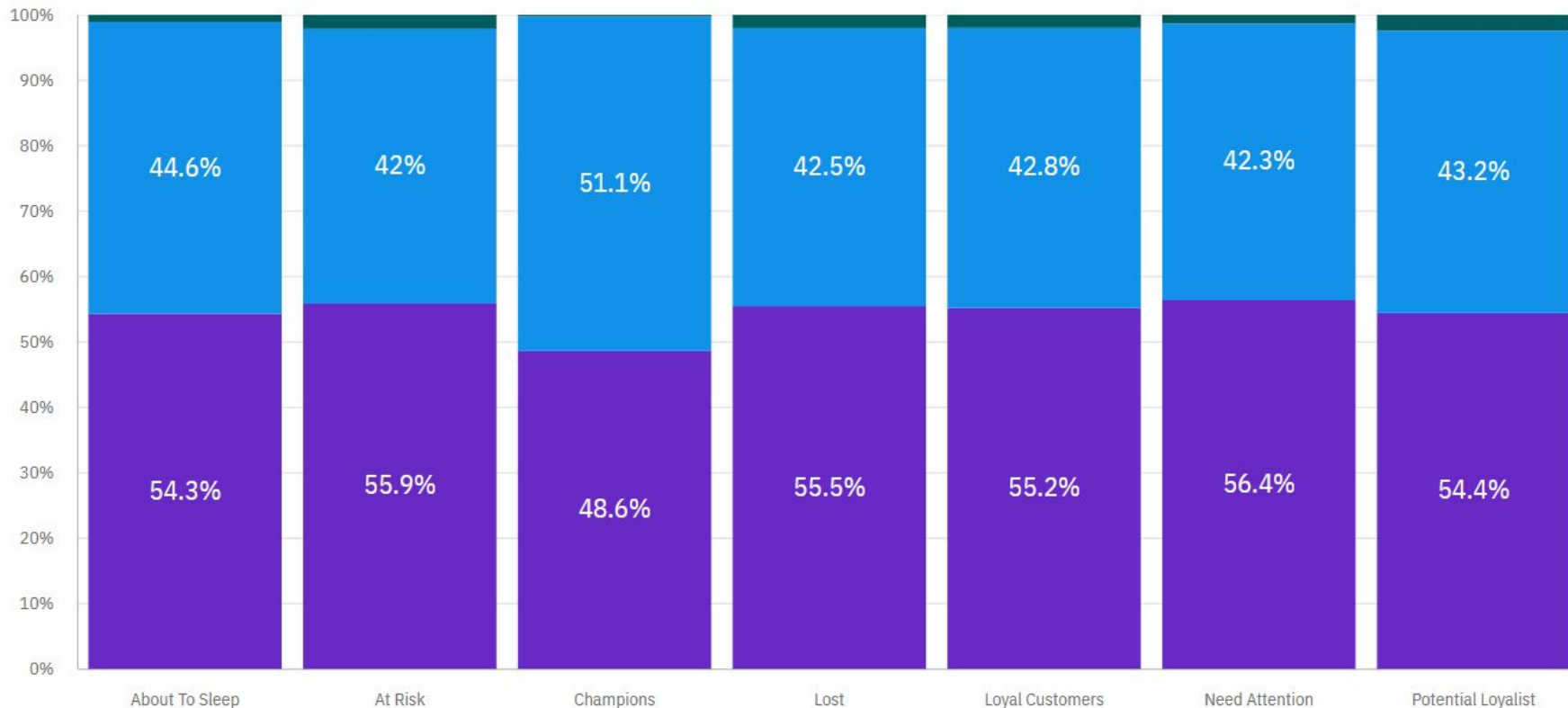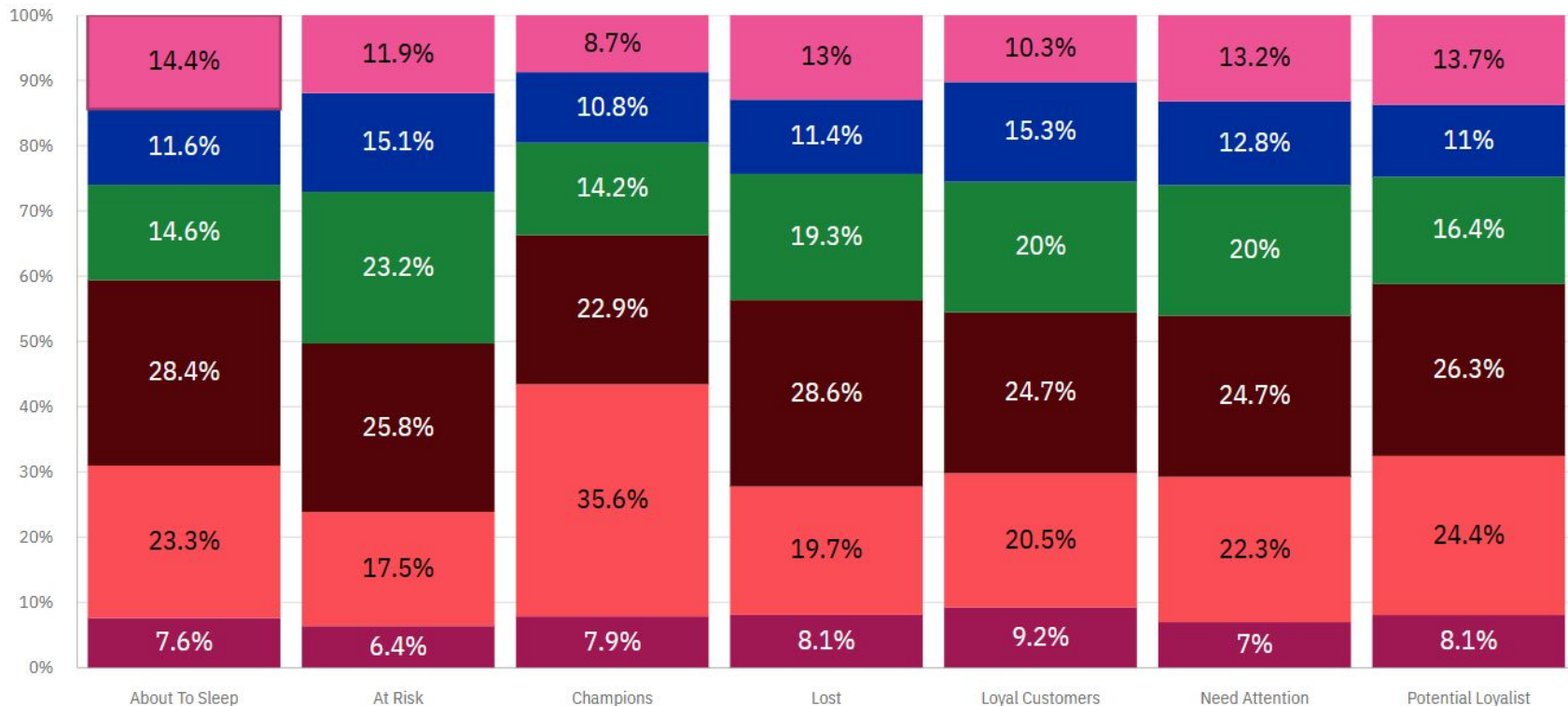
Customer Analysis
By Gender

Insights:
- ★ **Gender** distribution is **similar for all segments** with slight variations and majority of **female preference**.
- ★ For **Champion** customers, **male preference** is slightly dominated than female.

gender
● Female ● Male ● Prefer not to answer

Customer Analysis
By Age

Insights:
★ **Most** of the customers for all segments are in the **25-34 age group.**
★ For **champion** segment, customers are **more** in age group **18-24 than 25-34**.

age_class
● 14-17 ● 18-24 ● 25-34 ● 35-44 ● 45-54 ● 55+

	About To Sleep	At Risk	Champions	Lost	Loyal Customers	Need Attention	Potential Loyalist
55+	14.4%	11.9%	8.7%	13%	10.3%	13.2%	13.7%
45-54	11.6%	15.1%	10.8%	11.4%	15.3%	12.8%	11%
35-44	14.6%	23.2%	14.2%	19.3%	20%	20%	16.4%
25-34	28.4%	25.8%	22.9%	28.6%	24.7%	24.7%	26.3%
18-24	23.3%	17.5%	35.6%	19.7%	20.5%	22.3%	24.4%
14-17	7.6%	6.4%	7.9%	8.1%	9.2%	7%	8.1%

Recommendations

- Implement a cashback system for all levels

- Introduce a referral system

- A free trial month with all the bonuses of certain level

- Perform customer satisfaction surveys