

# Targeted Marketing for GetAllMart

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2023-04-19

## Objective:

The objective of ‘Targeted Marketing’ is to develop a segmentation model for “*GetAllMart*” that leverages customer behavior and purchasing patterns to identify opportunities for higher campaign profits and targeted marketing efforts. By meeting the unique needs of specific customer segments, we aim to increase customer satisfaction and loyalty while maximizing campaign profits, ultimately improving the overall effectiveness of the company’s marketing strategy.

## Assumptions and Modifications:

To analyze the data and make an objective conclusion, we made certain assumptions and modifications to the information we had available. These include:

1. Assuming our marketing campaigns focuses on wines and meats, as indicated by past campaign performance with these two product categories.
2. Looked at total product sales across all categories and campaign sales to understand customers’ total spending.
3. Evaluated the impact of tenure of the customer with “*GetAllMart*” to distinguish between new and existing customers, determine loyalty, and understand purchase trends for targeted offers.
4. Estimated Household Size by considering the Marital Status, number of kids & teens at home as marketing spends are usually dependent on the household demographics.

## Findings from Exploratory Data Analysis:

1. Total Revenue and Income: The analysis shows a fair amount of customer concentrated below \$30,000 (*refer Fig 1 & 3*) and display low spending. However above threshold of 45,000 customers purchasing power shows a increase with increase in Revenue.
2. Customer Seniority and Revenue: Our analysis revealed a positive relation between customer seniority and total Revenue (*refer Fig 1*). However we cannot make strong conclusions on this trend as the customer data was limited to 2 years.
3. Age and Revenue : Age did not seem to correlate strongly with either total purchases, total campaign and non campaign revenue (*refer Fig 1*).
4. Household Size and Revenue : Household Size seems to correlate negatively with non campaign revenue (*refer Fig 1*) indicating bigger households tend to shop less at “*GetAllMart*”.
5. Campaign Performance and Products: Our evaluation of the campaign performance showed that customers who respond highly to campaigns tend to make purchases in Wine and Meat categories (*refer Fig 2*).
6. Products and Revenue: Purchase patterns of “*GetAllMart*” indicate people across groups prefer to shop mainly Wine and Meat here (*refer Fig 2*).

### Findings from Clustering:

Based on the demographics, spend patterns, and responses to the current campaign strategy we have identified four distinct customer segments (Clusters) (refer Table 1).

1. The first segment consists of loyal customers with household size  $\sim 2$ . However, they do not respond well to campaigns nor store wide deals despite being active on all purchase platforms. These customers have been with us for about a year and are in the high income category.
2. The second segment consists of medium income customers with household size  $\sim 3$ . These customers have been with our company the longest and respond highly to deals. However when it comes to personalized campaigns, they have a moderate response as evidenced by the average revenue earned from each customer.
3. The third segment consists of low-income customers who are relatively new to “*GetAllMart*” and have household size  $\sim 3$ . Their campaign and non-campaign spend patterns are lowest among all groups indicating the lack of purchasing power. They do not respond well to store wide deals nor Campaigns. In fact the company is losing money by targeting this segment.
4. The fourth segment consists of high-income customers who are about a year old with “*GetAllMart*”, has a household size  $\sim 2$  and slightly leaning towards single person household. These customers are engaged the most with “*GetAllMart*” across product categories and are most profitable. They respond well to the personalized campaigns however they don’t seem to engage with us on store wide deals.

### Recommendations for each Cluster:

1. For the first cluster, it is evident that the current marketing campaigns focused on Wine & Meat are not working. We recommend testing a completely different offer focused on daily groceries and assessing its performance to see if the response rate goes up.
2. For the second cluster, we suggest conducting A/B testing between the current offer focused on Wine & Meat and the new offer focused on fruit, fish, and sweets. Since this group belongs to medium income category and household size  $\sim 3$  there is potential that they would respond well to offer focused on daily groceries. This will help evaluate if there is an other promotion mix that will make them even more profitable.
3. For the third customer cluster, we recommend not targeting them for future campaigns as our analysis shows that the cost of targeting this cluster is \$3 while the profits are negative. However, if we do decide to target this cluster in future, we suggest sending offers on daily household groceries instead of pricier items such as wines as a household with kids/teens and lower income tends to look for offers in food category.
4. For the fourth cluster, we believe our current marketing strategy is highly profitable and recommend keeping the same strategy for this cluster.

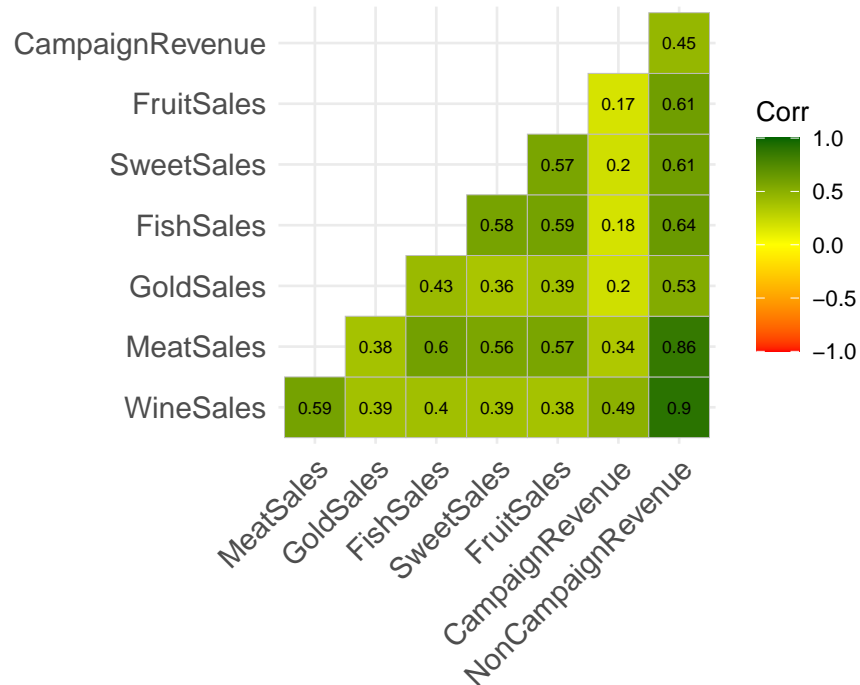
### Limitations:

- The exact offer details from previous campaigns are unknown. This limits our ability to understand the relationship between the offers, product demand, and the response received.
- Since data is limited to 2 years there is not enough information to explore the long-term trends.
- There is a dearth of information on the “*GetAllMart*” competitors which limits our confidence in the strategy that is devised as we could be missing some core aspects impacting it.

Fig 1 : Demographics vs Purchase Correlation Matrix



Fig 2: Product Sales vs Revenue Correlation Matrix



**Table 1 : Summary of key features for the 4 clusters**

Category	Cluster 1	Cluster 2	Cluster 3	Cluster 4
Total Customers	475	561	1,001	165
Income Category	High	Medium	Low	High
Average Household Size	2	3	3	2
Average Tenure within Company (years)	0-1	1-2	0-1	1
Preferred Products	Fruit, Fish, & Sweets	Wine	Fruit, Fish, & Sweets	Wine & Meat
Preferred Purchase Location	All	Web, & Store	Store	All
Prefer Daily Deals	No	Yes	No	No
Average Non-Campaign Revenue	\$1,233	\$692	\$94	\$1,640
Average Campaign Revenue	\$3	\$4	\$2	\$32
Average Campaign Profit	\$0	\$1	-\$1	\$29

**Fig 3: Total Revenue vs. Income by Cluster**

