

MEGAMART CUSTOMER SEGMENTATION ANALYSIS

Team 10

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The Business Problem

MegaMart Today

- Marketing treats all customers the same, regardless of their behavior
- High marketing spend, but limited impact on sales and retention
- Valuable customers blend in with low-value shoppers
- Missed opportunities to reward loyalty and encourage high-potential buyers
- Growing risk of losing engaged customers to competitors who personalize their offers



Our Goal

- Understand how customers actually shop, spend, and engage
- Identify natural customer groups with distinct behaviors
- Create segments that are clear, actionable, and meaningful for decision-making
- Enable targeted marketing that improves ROI, retention, and the overall customer experience

Analytical Approach

How we built the segmentation model:

We analyzed 3,000 customers and 9 behavioral variables (shopping frequency, spending, engagement, returns, etc.)

Then, we grouped customers using advanced clustering methods, compared several grouping options, and selected 4 most meaningful customer segments to base our strategy on.



Customer Segment 1 & 2

Segment 0 – High-Value Loyalists (17.5%)

These customers are highly valuable. They purchase frequently, spend a lot, and are engaged and loyal. Focus on retention and exclusive experiences.

Most loyal and profitable customers. Highly engaged and low churn risk.

Segment 1 – Low-Value Browsers (30.97%)

These users are not very active. They may browse often but rarely convert, and return frequently. Likely need reactivation campaigns or deeper customer research.

Frequent browsers but poor converters. High-friction buying experience.

Customer Segment 3 & 4

Segment 2 – High-Potential Spenders (14.43%)

These customers have decent value and could be nurtured into becoming loyal clients. Their potential can be unlocked with targeted promotions and engagement.

Strong potential to become loyal with targeted engagement and incentives.

Segment 3 – Steady Low-Spend Regulars (37.1%)

These are consistent shoppers with modest spending habits. They interact regularly with the brand and could be receptive to targeted promotions or personalized product recommendations.

Reliable and consistent buyers with low spending; ideal for increasing average ticket.

Marketing Strategy

06/08

Segment	Recommended Strategy
High-Value Loyalists	VIP program, early access releases, exclusive discounts, personalized recommendations
Low-Value Browsers	Abandonment recovery emails, first-purchase discounts, simplify checkout, retargeting ads
High-Potential Spenders	Bundled offers, loyalty incentives, personalized product suggestions
Steady Low-Spend Regulars	Cross-selling, volume-based promotions, targeted upselling

Expected Business Image

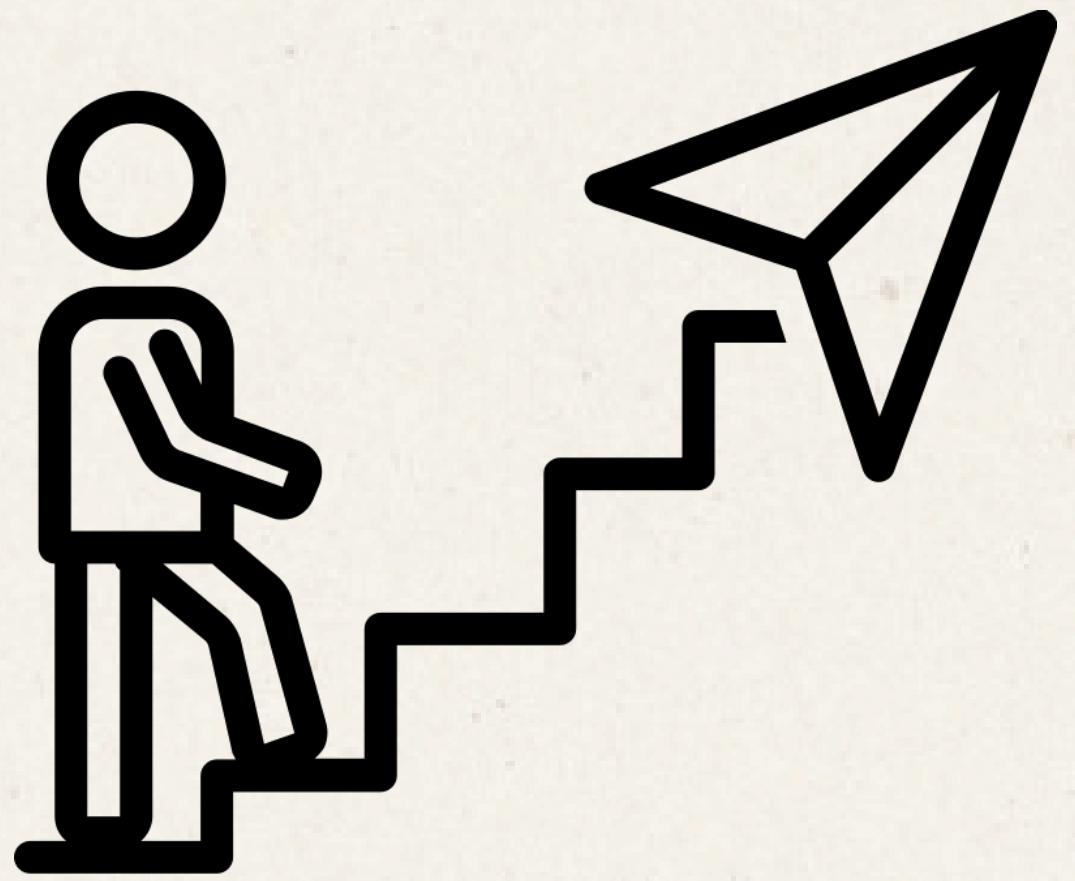
- Increased revenue from high-spend customer groups
- Higher retention among loyal, engaged customers
- Larger average basket size in the biggest segment
- Reduced marketing waste through targeted campaigns
- Better customer experience for low-conversion browsers



Next Steps

Recommended actions for MegaMart:

1. Deploy segmentation model into CRM
2. Launch targeted campaigns for each segment
3. A/B test messaging, discounts, and product recommendations
4. Monitor customer transitions between segments every quarter
5. Enhance the model by adding product category and channel preferences
6. Automate segmentation refresh monthly



Thank you