

CUSTOMER SEGMENTATION INSIGHT ANALYSIS

An E-commerce company specializing in technology and electronic products has leveraged its 2022 purchase data to craft a comprehensive Customer Segmentation report. This analysis aims to foresee the actions and preferences of various customer segments, ultimately yielding valuable insights to inform strategic decisions. The resulting conclusions will serve as a foundation for tailored marketing and sales approaches, designed to boost revenue and enhance brand recognition in the upcoming year. This strategic initiative aims to foster customer engagement, loyalty, and retention, ultimately driving business growth and success. From analysis, the report grouped all segmentation into 3 group actionable recommendations, as below:

TOP CUSTOMER SEGMENT - NEED ATTENTION

- **Loyal:** achieved the highest revenue (44%) and number of customers (18.6%). The average purchase frequency is 4. High demand for goods, the habit of shopping, and spending a lot on shopping.
- **Active:** Active customers account for 20.9%, but the revenue brought is not much (17%) in 2022. Buy often, but hesitate about price and low spending. About 11% of Active customers tend to spend a lot -Big Spenders with the average spending on order is more than £119/order.

ACTION

Competitive Pricing Strategies and Loyalty Program; Offering early access to new product.

AT-RISK SEGMENT

Churners and Potential Churners: account for nearly 28% of total customers. However, the distribution of these two groups is the lowest in terms of revenue. The customer group has not had an order for a long time, has low spending, already left, or tends to leave. The average spending per order of these two groups is about £6-£10.

ACTION

Using E-mail Marketing and exceptional Customer Service to reconnect; Collecting a survey to get to know their satisfaction; Offering renewals at discount.

POTENTIAL CUSTOMER SEGMENT - NEED IMPRESSION

New Customers: has the largest number of customers, accounting for 32.6%, and brings in about 30% of revenue in 2022, nearly equal to the 'Loyal' customer group. This group of customers has purchased recently and tends not to spend much (Frequency rank 1, Monetary rank 1). The average spending for each order is about £78.3.

'New Customers' are first buyers who want to experience or come to the site because of discounts, and do not want to spend a lot for the first purchase.

ACTION

Starting to build relationships; Creating Brand Awareness through Marketing Campaigns and Email Marketing; Improving user experience on website, landing page; Offer free trials.

