

# Customer Segmentation

FINDING THE MOST USEFUL CUSTOMER GROUPS FOR BANK A

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Identify **most useful customer segment** based on their purchasing patterns and behaviors, to tailor marketing campaigns that boost engagement and retention.

# Unveiling the Data

**Data Source:** Internally gathered credit card transaction data

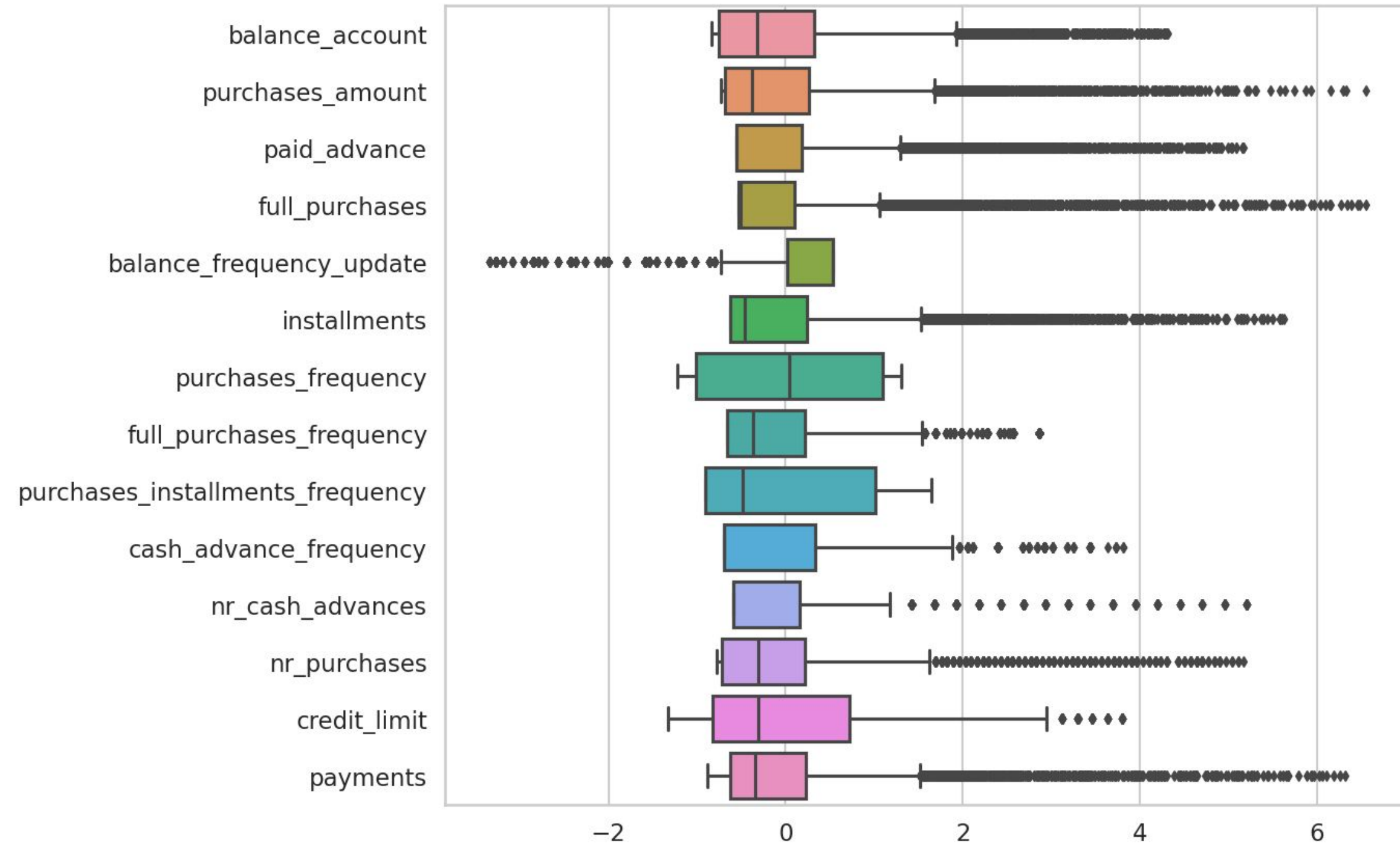
**Data Size:** 8500 customers and 18 features across 6 months

**Feature types:** Customer\_id (object), 17 numeric features (int64, float64)

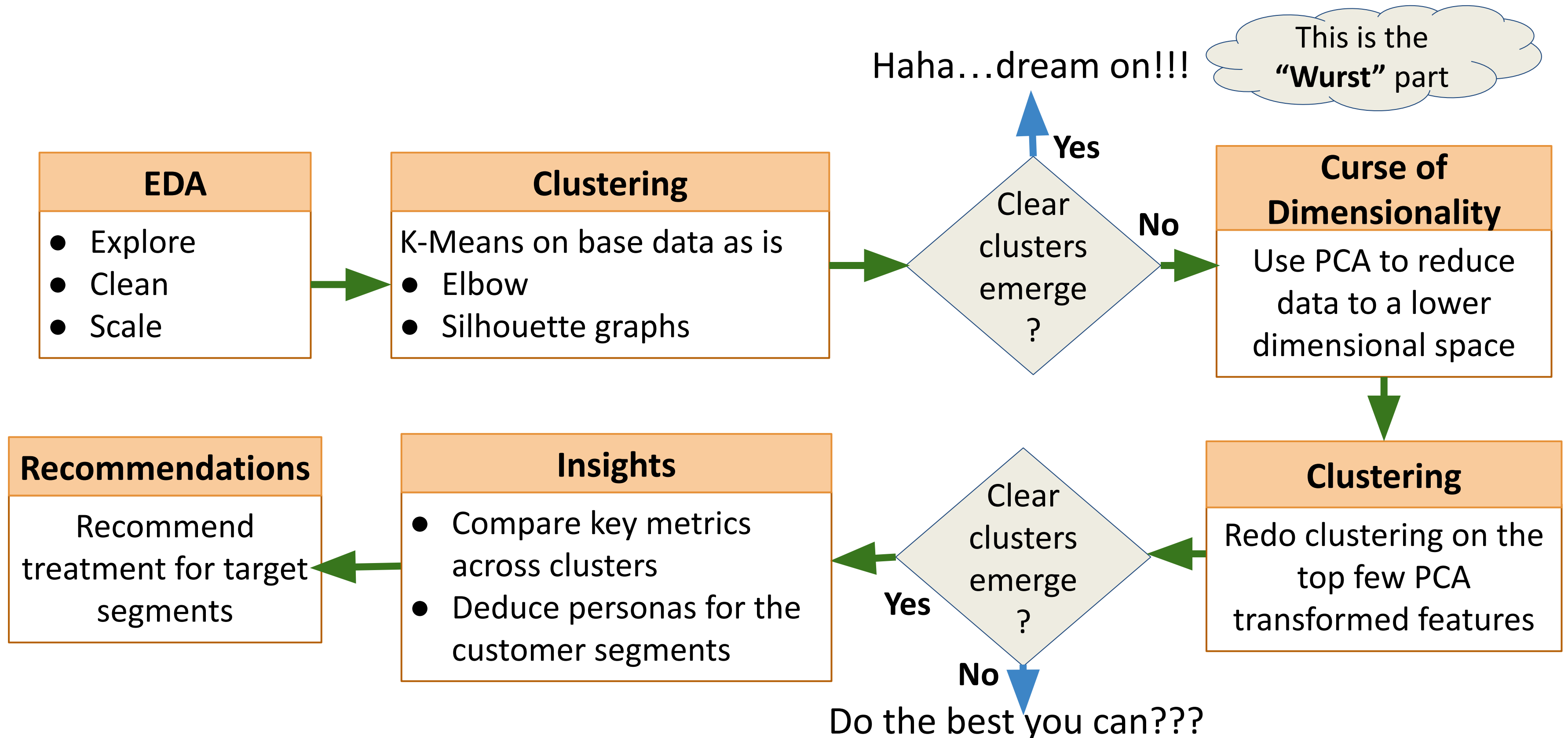
**Missing values:**

- Credit Limit: 1 missing value
- Minimum Payments: 298 missing values

**Data Integrity:** No duplicates identified

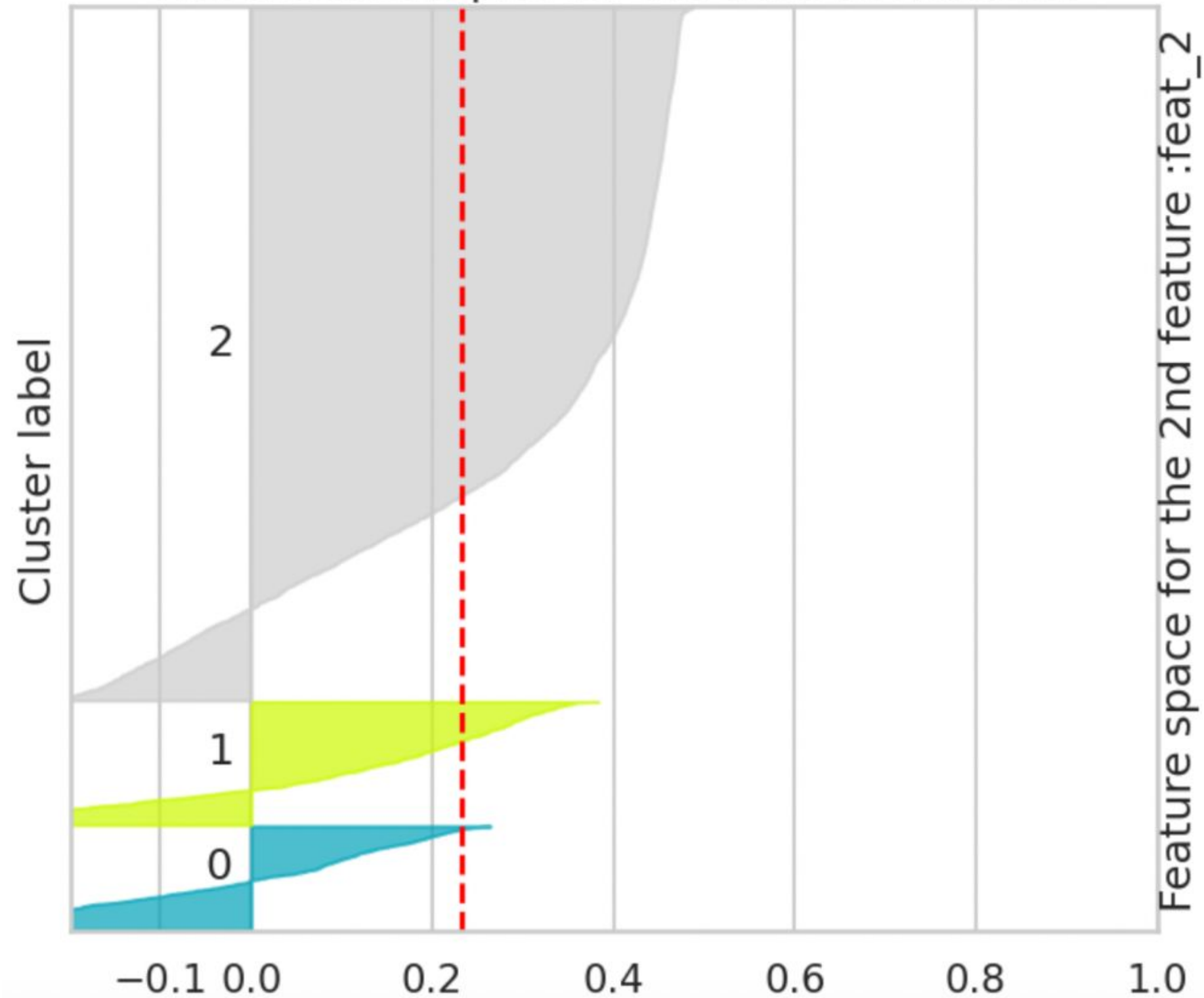


# How the sausage was made...

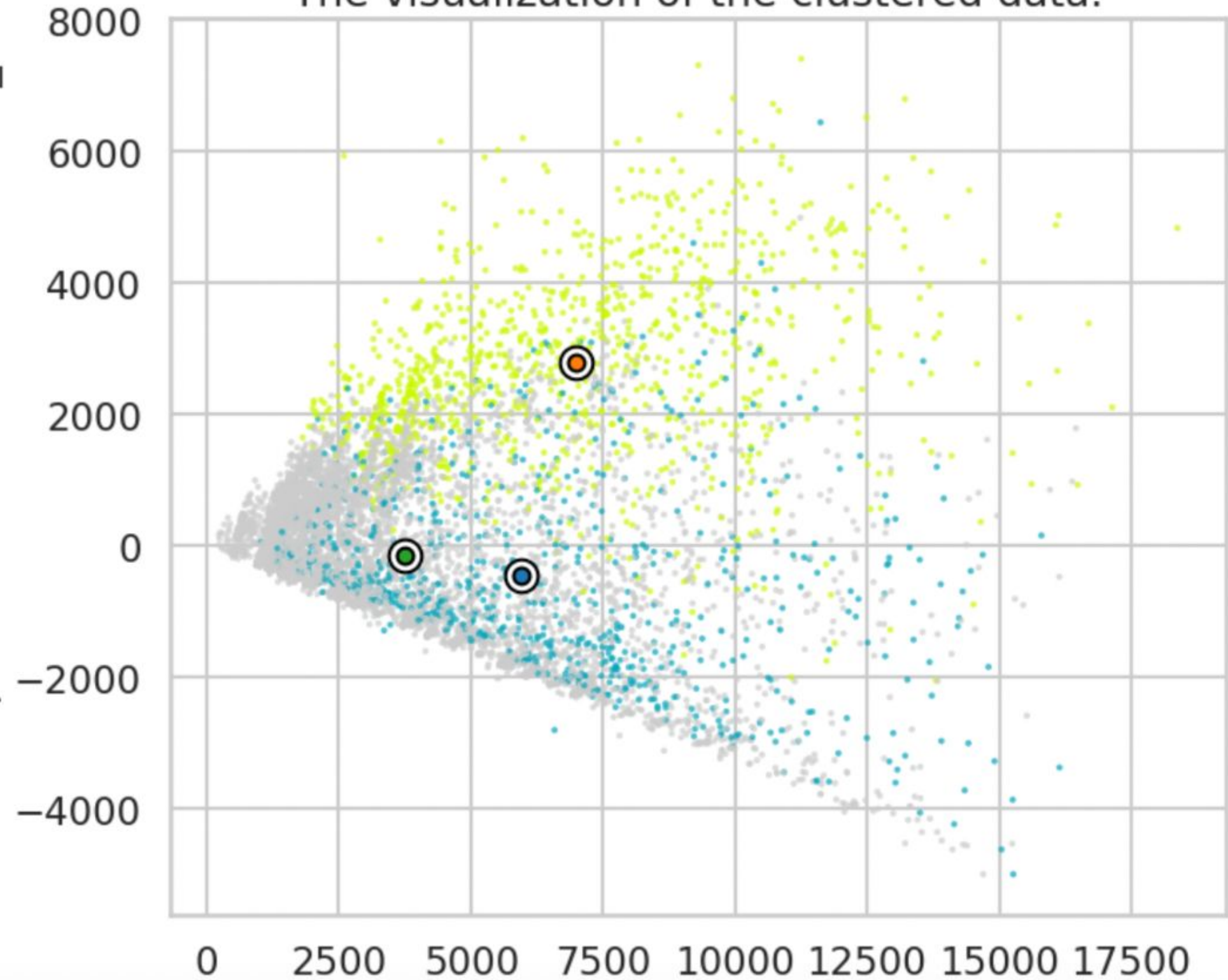


# Visual of final clusters...

The silhouette plot for the various clusters.



The visualization of the clustered data.





# Customer Segments

## Segment 1: Yuppies

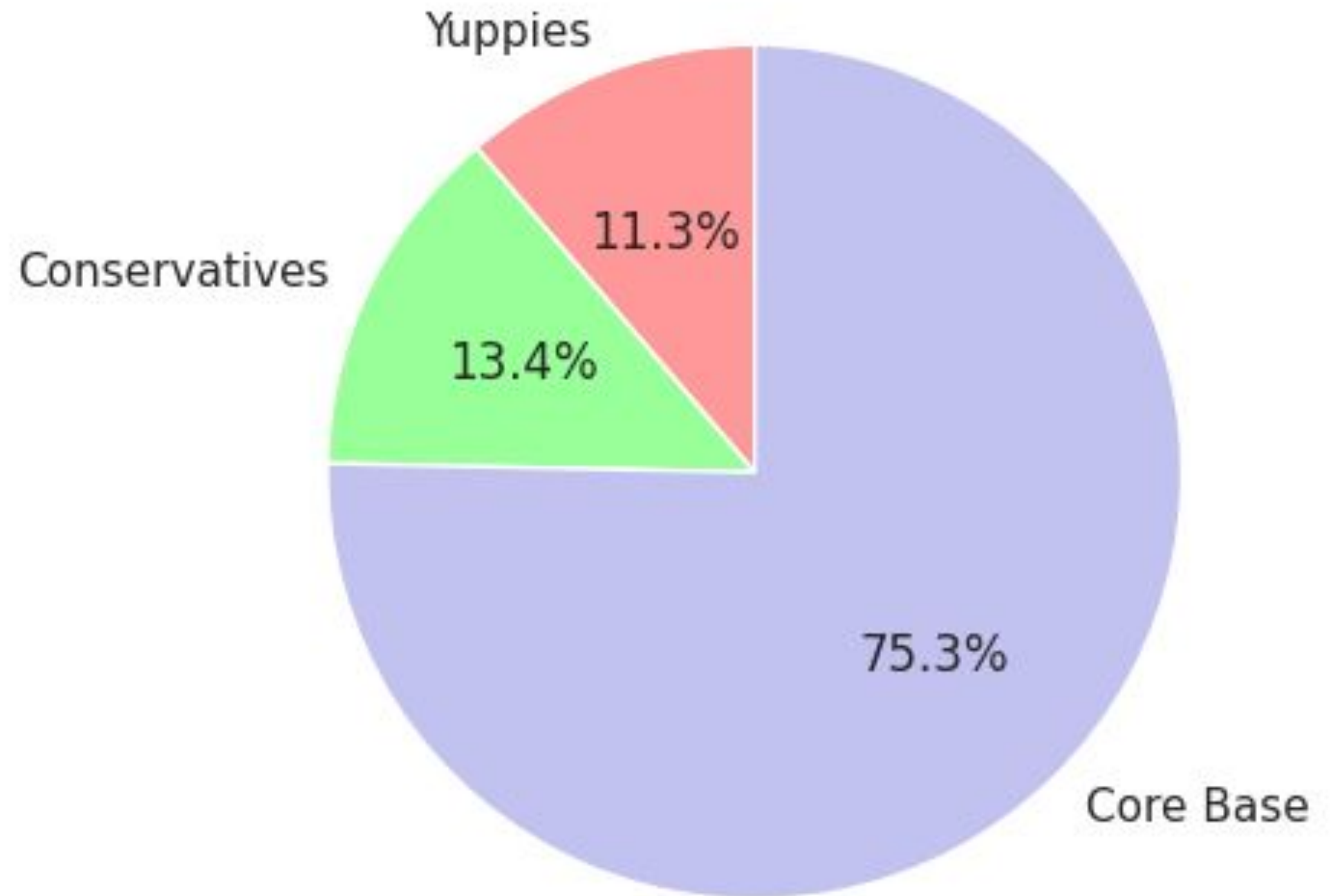
Young, upwardly mobile professionals with a high income and a propensity for spending.

## Segment 2: Conservatives

Cautious spenders who mostly pay off balances in full. They have a preference for cash advances and have low credit utilization rate.

## Segment 3: Core Base

Stable and reliable customers who form the foundation of the customer base.

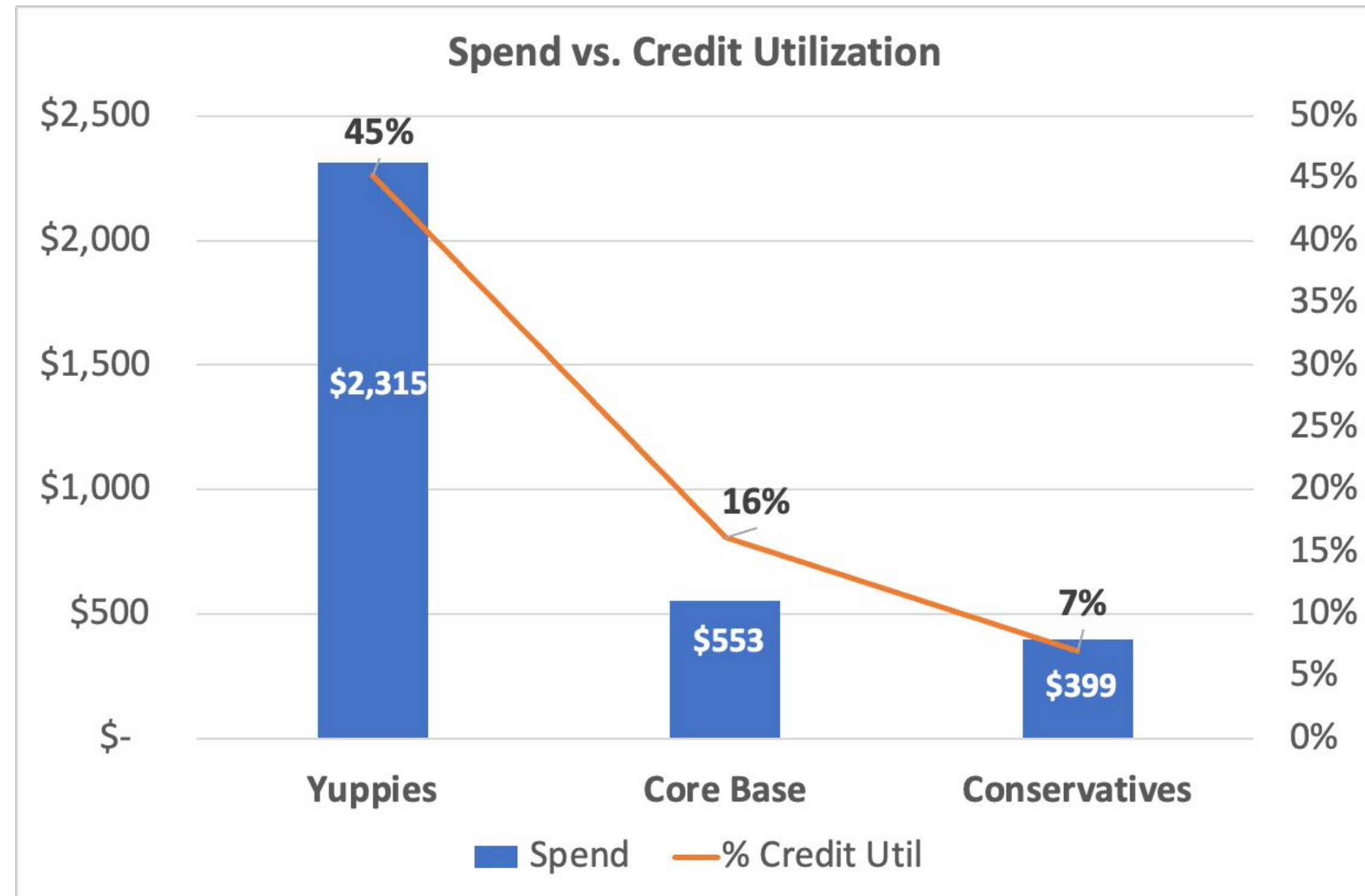


# Spending Habits and Credit Limits of Our Customer Segments

## Highlights

“Yuppies” are the highest spenders (**4-5x of the other segments**) and use up the highest % of their credit limits (**3-7x of the other segments**).

There is a huge amount of unused Credit Lines on the Conservative (**93%**) and Core (**84%**) customer segments. **This locks up capital for the Bank that can otherwise be put to more productive use.**



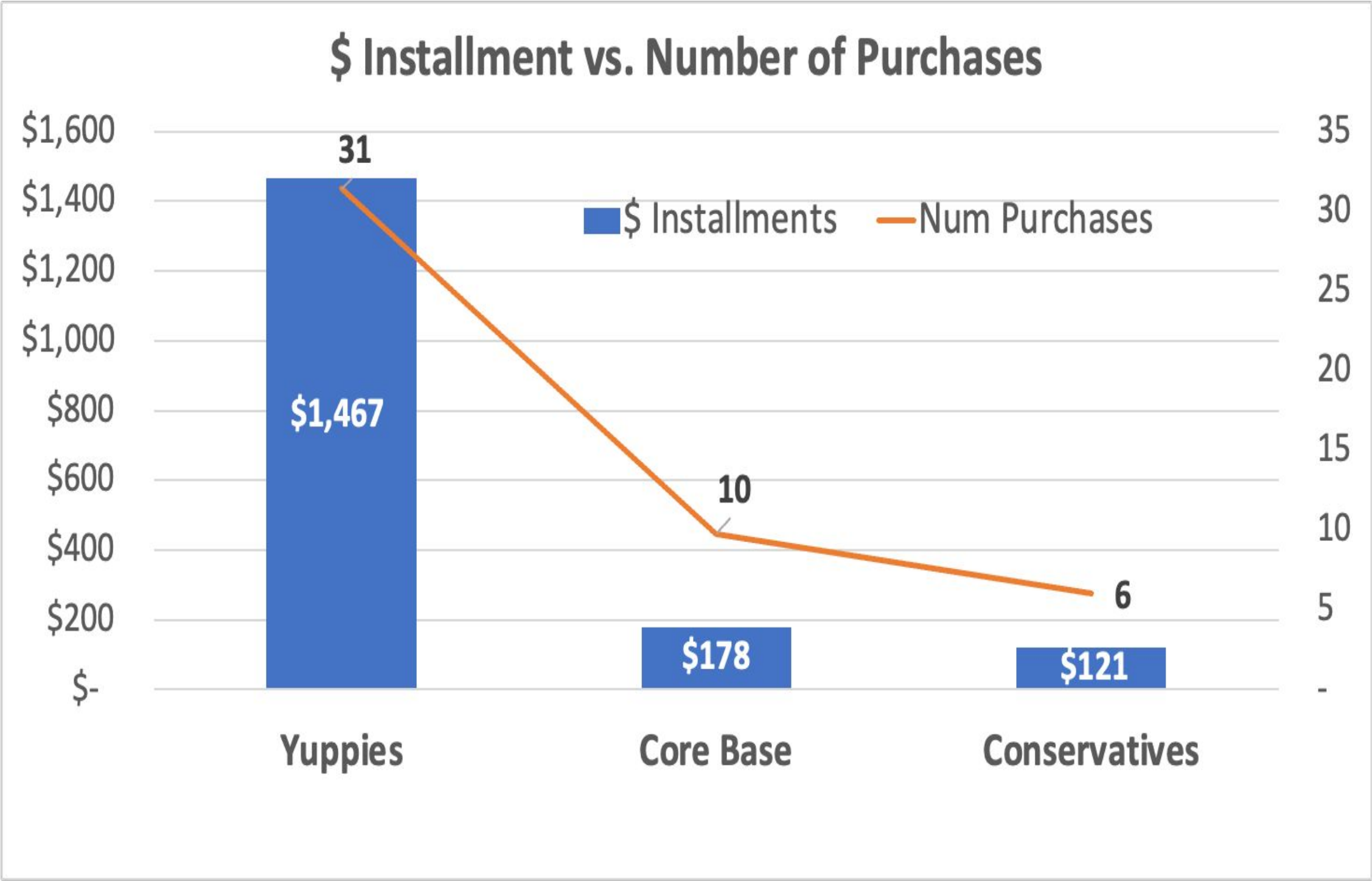


# Spending Habits and Credit Limits of Our Customer Segments

## Highlights

“Yuppies” make the highest purchases in installments (**8-11x compared to the other segments**). Installment purchases generate interest revenue for the bank and therefore makes the Yuppies the most profitable segment.

The yuppies also spend **3-5x more frequently** as the other segments.

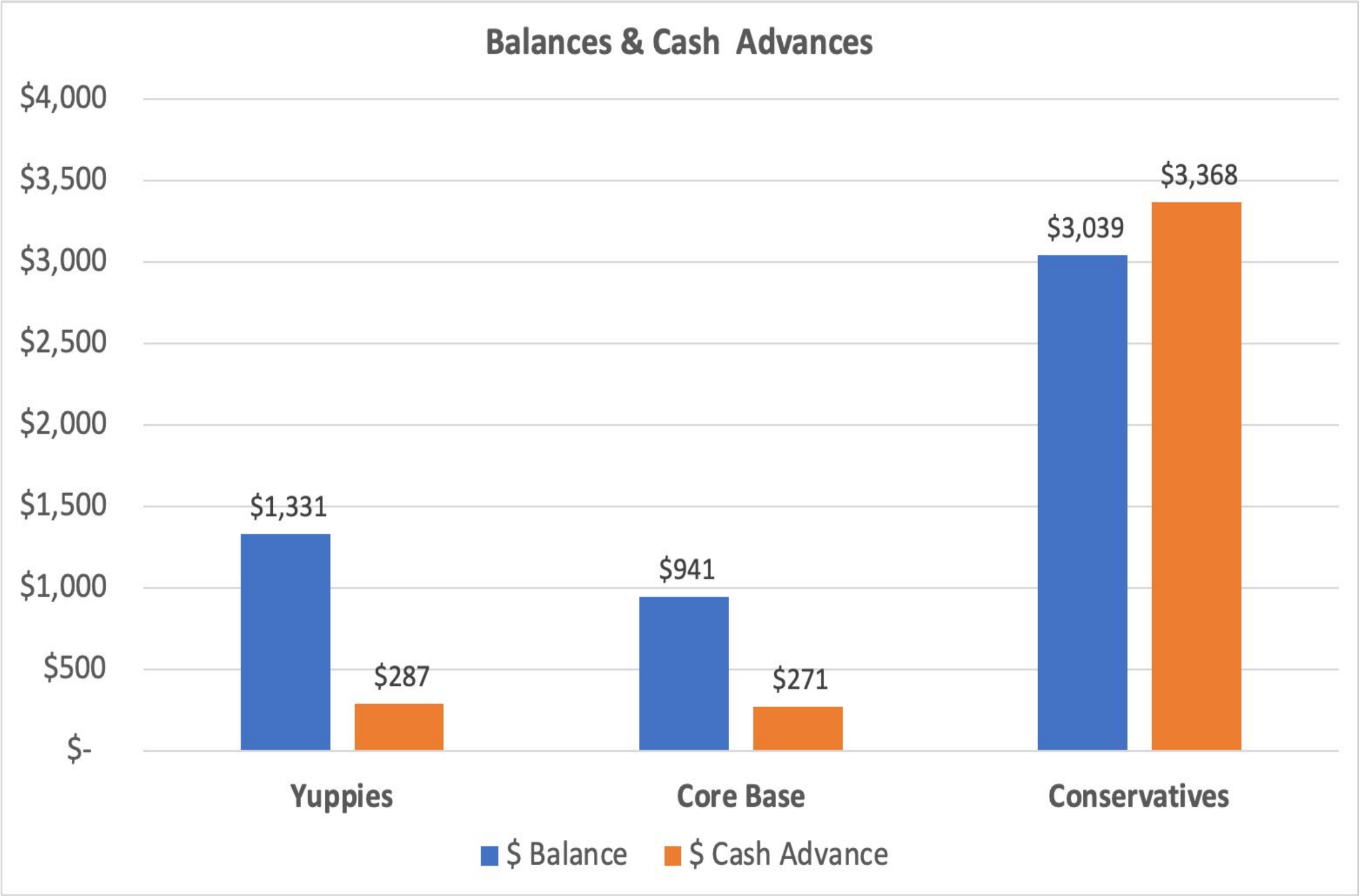


# Spending Habits and Credit Limits of Our Customer Segments

## Highlights

“**Conservatives**” take **11-12x more cash advances** on their credit card as compared to other segments.

The largest portion of the balance on their accounts is due to the cash advances rather than actual purchase/spend on the card.



# Strategy for the “Conservatives”



## **Reduce Credit Limit**

Free up capital and redeploy it on growth or higher credit limits for the Yuppies



## **Education**

Educating about the benefits of using debit cards



## **Cross Sell Debit Cards**

Offer an alternative payment option that aligns with their preference for cash transactions.

# Unlocking the Potential of Our Most Profitable Customer - “Yuppies”



## **Increase Credit Limit**

Facilitate larger purchases and maximize spending power for this lucrative segment.



## **Rewards Programs**

Implement rewards programs and cashback benefits that align with their purchasing habits.



## **Personalized Campaigns**

Tailored marketing campaigns that resonate with their unique interests and preferences.