

TheAnalyticsTeam

Sprocket Central Pty Ltd

Data analytics approach

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Agenda

1. Introduction
2. Data Exploration
3. Model Development
4. Interpretation

Introduction

- Boosting Business for Sprocket Central Pty Ltd

- Sprocket Central Pty Ltd is a respected client of KPMG, specializing in high-quality bicycles and cycling accessories. They are seeking to enhance their business by analysing their existing customer dataset to uncover valuable customer trends and behaviors.

- **Objective:**

The primary objective of this project is to recommend a targeted marketing strategy for Sprocket Central. We will identify which of the 1000 new customers should be the focus to drive maximum value for the organization.

- **Project Scope:**

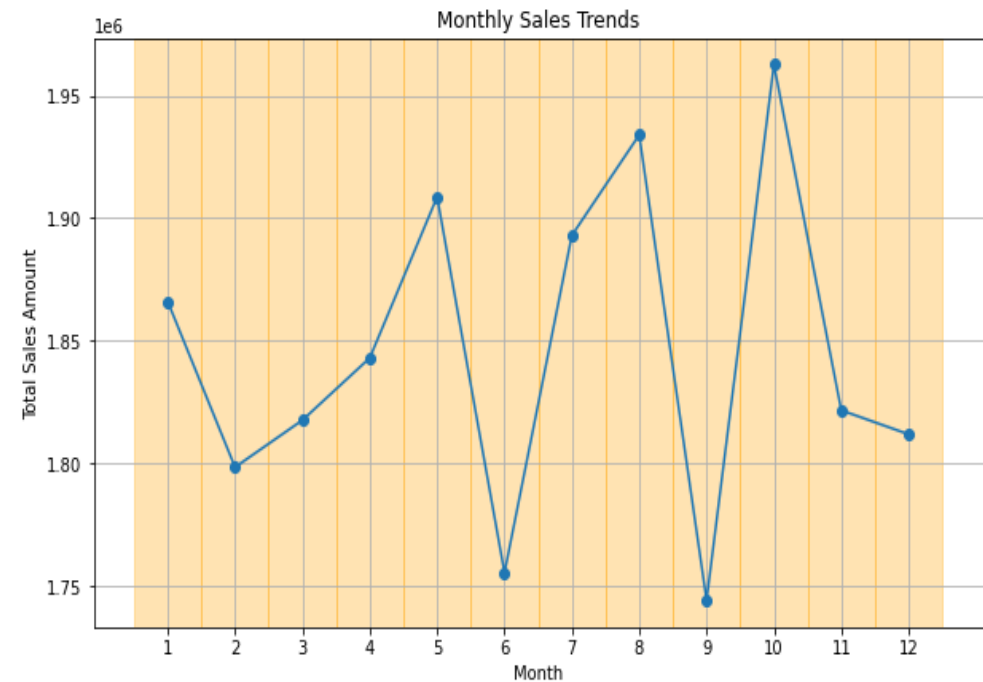
The project will span three weeks and is divided into three key phases: Data Exploration, Model Development, and Interpretation. Each phase is strategically designed to provide actionable insights.

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Data Exploration

Monthly Sales Trend

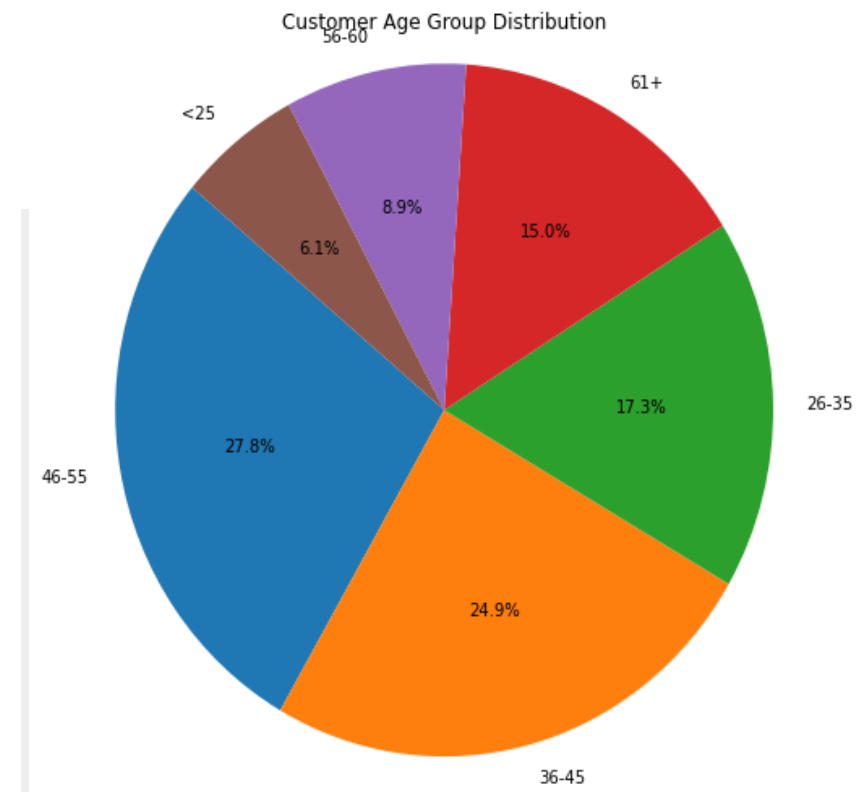
- The variations in the total sales amounts from month to month, indicating that sales are not consistent throughout the year.
- Some months, such as August (8th Month) and October (10th Month), have relatively higher total sales amounts, suggesting that these months might be associated with increased customer demand or special promotions.
- On the other hand, months like September (9th Month) and June (6th Month) have lower total sales amounts, indicating potentially lower customer engagement during those periods.
- This information can be valuable for the company's sales and marketing teams to plan and strategize. You might want to focus on boosting sales during months with historically lower performance or capitalize on the strengths of months with higher sales.
- Seasonal factors, holidays, or external events may contribute to the observed fluctuations in sales.



Data Exploration

Customer Segmentation

The largest customer segments fall within the 36-55 age range, with a significant portion in the 46-55 group. To drive targeted marketing effort, the company can tailor its strategies and product offerings to cater to the specific preferences and needs of these age segments, which constitute the majority of their customer base. Additionally, the company may want to explore opportunities to attract and retain younger customers (age <35) to ensure long-term sustainability and growth.



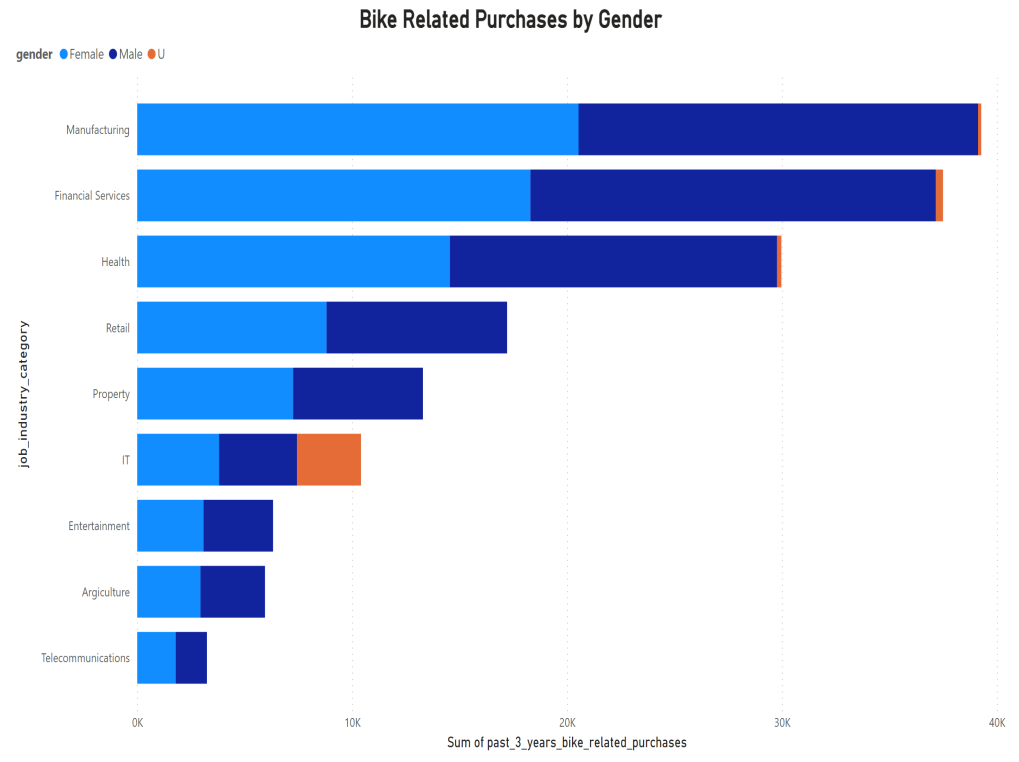
Data Exploration

Customer Demographic

The highest total sum of bike-related purchases in the past three years was attributed to females, total of 98,277, followed by males at 93,392, and 'U' (unspecified) at 3,659.

Among females, those in the manufacturing sector accounted for 10.51% of the total sum of bike-related purchases.

Hence, the primary focus for targ

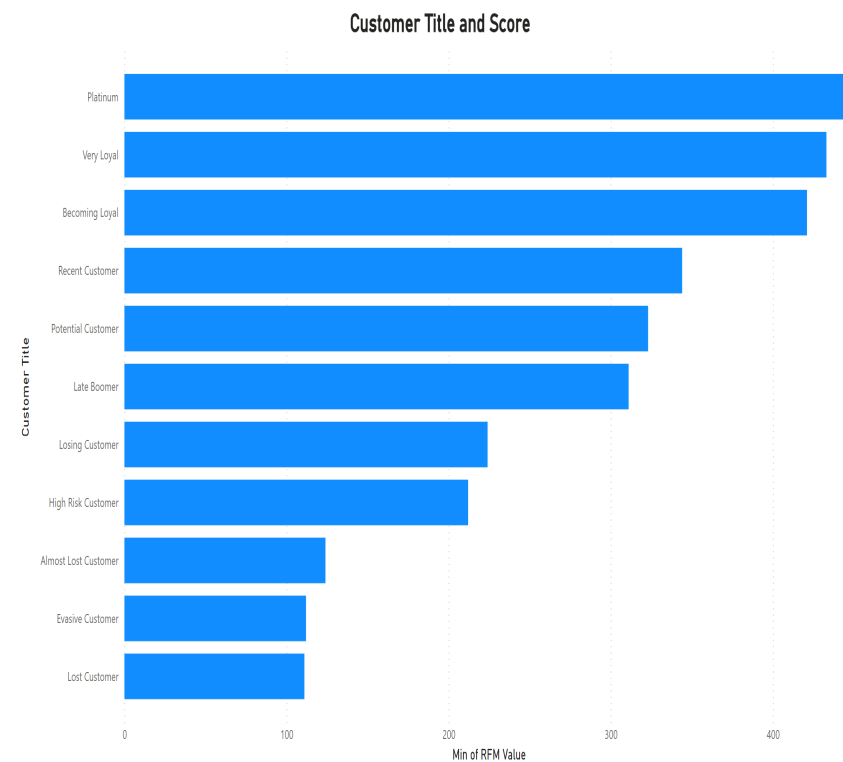


Model Development

Building the Recommendation Model

RFM (Recency, Frequency, Monetary value) analysis serves as a valuable tool for businesses to extract meaningful customer insights, enabling the customization of marketing strategies to align with specific customer segments.

This approach aids in the identification of high-value customers, facilitating the implementation of targeted promotional campaigns. Additionally, it assists in reengaging with dormant customers and allows for personalized communication that caters to individual customer behaviors and preferences.



Model Development

Compilation of Customer Titles and Their Corresponding RFM Values

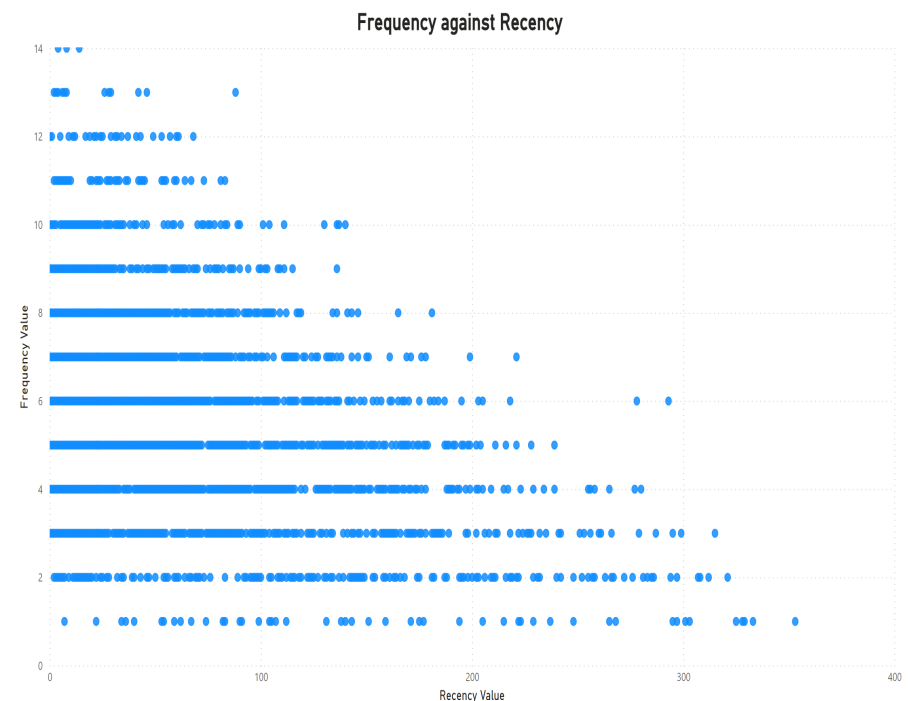
Rank	Customer Title	Description	RFM Value
1	Platinum	Most recent buy, buys often, most spent	444
2	Very Loyal	Most recent , buys often, spends large amount of money	433
3	Becoming Loyal	Relatively recent, bought more than once, spends large amount of money	421
4	Recent Customer	Bought recently, not very often, average money spent	344
5	Potential Customer	Bought recently, never bought before, spent small amount	323
6	Late Boomer	No purchases recently, but RFM value is larger than average	311
7	Losing Customer	Purchases was a while ago, below average RFM value	224
8	High Risk Customer	Purchase was long time ago, frequency is quite high, amount spent is high	212
9	Almost Lost Customer	Very low recency, low frequency, but high amount spent	124
10	Evasive Customer	Very low recency, Very low frequency, small amount spent	112
11	Lost Customer	Very Low RFM	111

Model Development

Building the Recommendation Model

Customers situated in the top-left quadrant of the plot, symbolizing individuals with a high frequency of transactions and recent purchase activity, are classified as actively engaged customers. They consistently conduct transactions and have recently made a purchase.

On the other hand, customers positioned in the bottom-left quadrant, indicating infrequent transaction occurrences but recent purchases, may include new or occasional customers. While they have made recent purchases, their transaction frequency is relatively low. Businesses can prioritize efforts to cultivate these relationships and stimulate more frequent transactions to enhance customer engagement.



Interpretation

Segmentation of Customers – Identifying High-Value Prospects in the New Customer Dataset

These individuals from the new customer list are high-value prospects to be targeted.

The primary focus for targeting high-value customers should be on females

within the age group of 40 to 50 years

working in the Financial Services, Health, and Manufacturing industries

residing in the regions of NSW and VIC.

Interpretation

Summary table for the high value customers to target from the New Customers Dataset

snapshot of the top 20 customers to target

Top 20 Customers to Target

First name	Past 3 years bike related purchases	Age	Job Industry	Wealth segment	Owns car	State
Aldin	24	42	Financial Services	Mass Customer	No	NSW
Aleece	49	48	Manufacturing	Mass Customer	No	NSW
Brendis	12	45	Manufacturing	Mass Customer	No	NSW
Candy	23	46	Financial Services	Mass Customer	No	VIC
Darlleen	77	43	Health	Mass Customer	No	NSW
Esther	14	42	Financial Services	Mass Customer	No	NSW
Loleta	45	42	Health	Mass Customer	No	NSW
Martelle	52	42	Manufacturing	Mass Customer	No	NSW
Martino	18	48	Financial Services	Mass Customer	No	VIC
Melba	38	47	Health	Mass Customer	No	NSW
Mitchell	58	44	Manufacturing	Mass Customer	No	VIC
Patricia	34	45	Health	Mass Customer	No	NSW
Robert	55	47	Health	Mass Customer	No	NSW
Roldan	27	48	Financial Services	Mass Customer	No	VIC
Rutledge	23	47	Financial Services	Mass Customer	No	NSW
Sherrie	37	45	Manufacturing	Mass Customer	No	VIC
Sunny	90	48	Financial Services	Mass Customer	No	NSW
Theresa	99	47	Manufacturing	Mass Customer	No	NSW
Therese	30	42	Health	Mass Customer	No	NSW
Winnifred	83	47	Financial Services	Mass Customer	No	VIC
Total	888					

Interpretation

Summary table for the high value customers to target from the New Customers Dataset

- Top 1000 customers can be selected from the table below
- Top 1000 customers are the customers who have bought recently, bought frequently and tends to spend more than other customers

Rank	Customer Title	Description	Number of Customers
1	Platinum	Most recent buy, buys often, most spent	165
2	Very Loyal	Most recent , buys often, spends large amount of money	178
3	Becoming Loyal	Relatively recent, bought more than once, spends large amount of money	312
4	Recent Customer	Bought recently, not very often, average money spent	352
5	Potential Customer	Bought recently, never bought before, spent small amount	366
6	Late Boomer	No purchases recently, but RFM value is larger than average	367
7	Losing Customer	Purchases was a while ago, below average RFM value	357
8	High Risk Customer	Purchase was long time ago, frequency is quite high, amount spent is high	368
9	Almost Lost Customer	Very low recency, low frequency, but high amount spent	329
10	Evasive Customer	Very low recency, Very low frequency, small amount spent	404
11	Lost Customer	Very Low RFM	296
Total			3494

Note: The data and information in this document is reflective of a hypothetical situation and client. This document is to be used for KPMG Virtual Internship purposes only.

THANK YOU!