

# CUSTOMER SEGMENTATION ANALYSIS

## **Project Objective:**

To comprehensively understand the target customer base of the mall, facilitating the marketing team in devising precise and effective strategies. This involves segmenting the overall target market into distinct, approachable groups based on demographics and behavioral criteria. By creating subsets of the market, the aim is to gain deeper insights into the unique characteristics, preferences, and behaviors of each group, enabling tailored and impactful marketing activities.

## **Approach:**

### **1. Perform Exploratory Data Analysis (EDA):**

Analyze dataset distributions and patterns to unveil initial insights into customer demographics and behavior.

### **2. Utilize K-Means Clustering Algorithm for Segmentation:**

Apply K-Means clustering to categorize customers into distinct groups based on similarities in demographics and behavior.

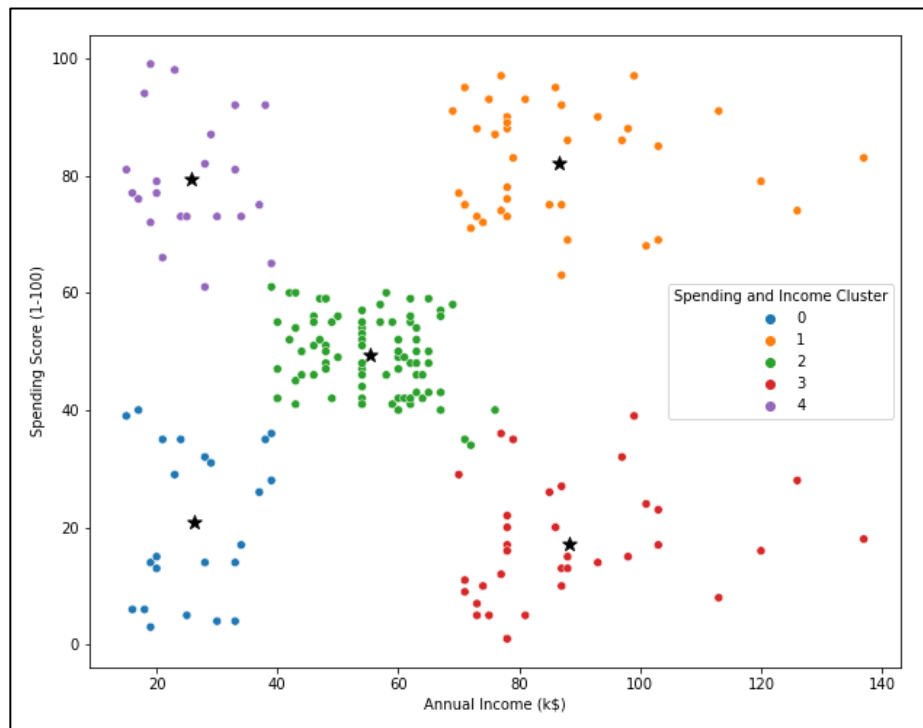
### **3. Generate Summary Statistics on the Clusters:**

Calculate mean, median, and other stats for each cluster, offering clear snapshots of their demographic and behavioral profiles.

### **4. Visualize the Findings:**

Create scatter plots and heatmaps to show clustering results, aiding in visualizing customer groupings.

## Spending and Income Cluster Graph



### Tailored Strategies for Diverse Customer Clusters: Maximizing Sales Growth

#### Cluster 0 - Low Spending, Low Income

Customer Profile: Younger individuals with lower income and spending scores.

Marketing Strategies:

Youth-Centric Promotions:

- Offer "Student Discounts" or "Young Shopper Deals" targeted at this segment.
- Promote "Limited Time Offers" on trendy, affordable items to spur impulse buys.

Tech-Savvy Engagement:

- Launch social media campaigns with interactive quizzes or challenges.
- Partner with gaming influencers for exclusive in-game promotions or rewards.

Gadget Giveaways:

- Host "Tech Tuesday" events with chances to win the latest gadgets with purchases.
- Offer discounts on electronics and accessories to appeal to this tech-oriented group.

## **Cluster 1 - Moderate Spending, High Income**

Customer Profile: Affluent individuals with moderate spending scores.

Marketing Strategies:

Exclusive Membership Perks:

- Introduce a "Premium Club Membership" with VIP access to sales and events.
- Provide personalized shopping experiences with private styling sessions.

Luxury Showcases:

- Host exclusive events featuring high-end brands and experiences.
- Collaborate with luxury brands for limited edition collections and VIP launches.

Personalized Marketing:

- Send curated product recommendations via email based on past purchases.
- Offer "Anniversary Specials" or birthday discounts to enhance customer loyalty.

## **Cluster 2 - High Spending, High Income**

Customer Profile: High-income individuals with high spending scores.

Marketing Strategies:

Elite Events:

- Organize exclusive fashion shows or designer showcases.
- Host "Gala Evenings" with live entertainment and premium shopping experiences.

Luxury Experiences:

- Offer personalized shopping concierge services for tailored experiences.
- Create "Collector's Edition" releases for high-end products with limited availability.

Exclusive Rewards:

- Implement a prestigious "Elite Rewards Program" with luxury travel incentives.
- Provide access to private lounges or VIP sections within the mall for elite members.

### **Cluster 3 - Low Spending, High Income**

Customer Profile: High-income individuals with low spending scores.

Marketing Strategies:

Quality Emphasis:

- Highlight the craftsmanship and durability of products through detailed descriptions.
- Showcase "Investment Pieces" with timeless appeal to encourage larger purchases.

Educational Workshops:

- Host lifestyle seminars focusing on wellness, finance, or luxury living.
- Offer "Product Demonstrations" for high-end gadgets and home appliances.

Incentive-Based Promotions:

- Launch a "Luxury Sweepstakes" with premium prizes for every qualifying purchase.
- Provide "Exclusive Access Passes" to private sales events or product launches.

### **Cluster 4 - Moderate Spending, Moderate Income**

Customer Profile: Individuals with moderate income and spending scores.

Marketing Strategies:

Community Engagement:

- Organize community events such as art shows or charity fundraisers.
- Host "Wellness Weekends" featuring fitness classes and healthy living seminars.

Value-Driven Campaigns:

- Highlight "Monthly Essentials" with practical yet stylish product selections.
- Offer "Family Bundle Deals" on household items or family-friendly products.

In-Store Experiences:

- Create "DIY Workshops" focusing on home improvement or personal style.
- Host "Seasonal Pop-Up Markets" featuring local artisans and unique finds.