



# Customer Segmentation Analysis

Executive Summary

# Business Objective

*To maximize the value of customers to the business through a personalization strategy tailored to each segment.*

## Context

*This study examines customer demographic data for the purpose of conducting a segmentation analysis. Analysis is primarily in Python by applying an unstructured learning technique called K-Means Clustering with Principal Component Analysis (PCA) to identify and segment customers into three subgroups.*

## Next Steps

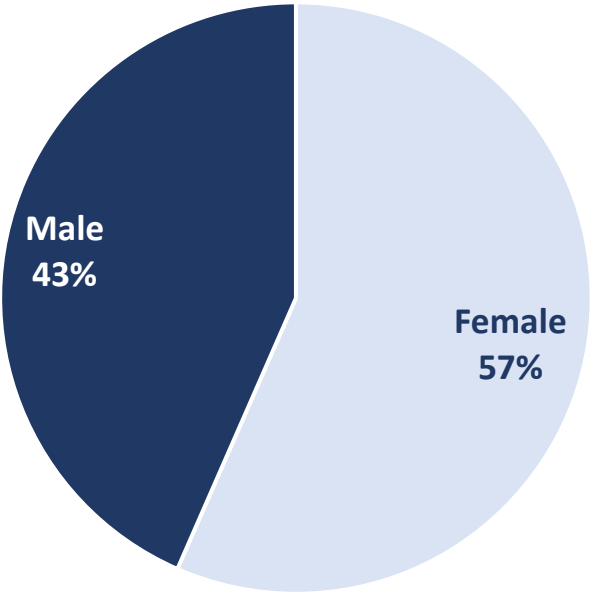
*The following slides include insights into Generations, Income Brackets, Gender, and Spending Score with a focus on understanding who customers are, how spending varies across customer demographics, how customers vary by segment, and concludes with recommendations.*

*\* Please note, analyses and insights are specific to only customers in this study.*

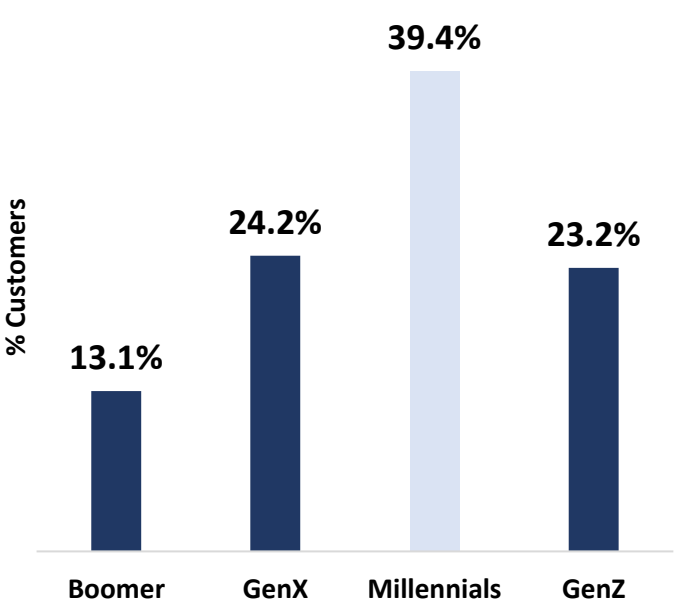
# Demographics

Sample skews slightly Female, between the ages of 18 to 70 years old with an average age of 39 & median of 36, and Income from \$15K and \$126K per year with an average of \$60K & median of \$61K.

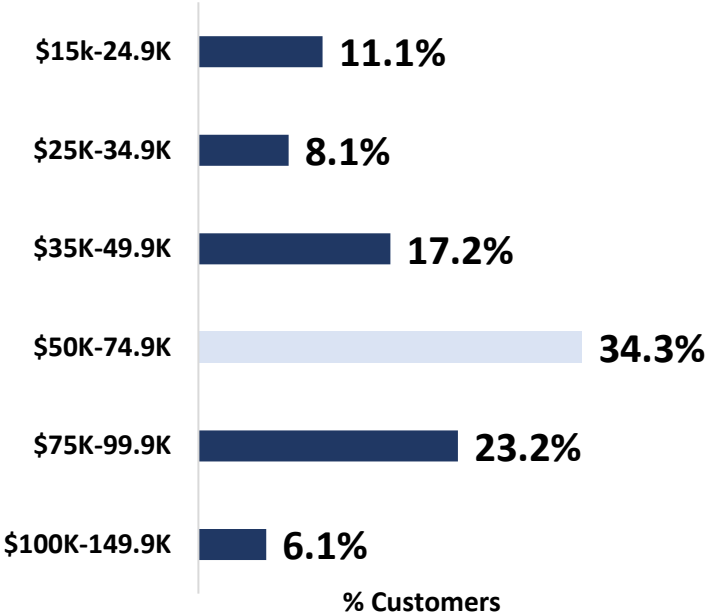
**Gender**



**Generations**



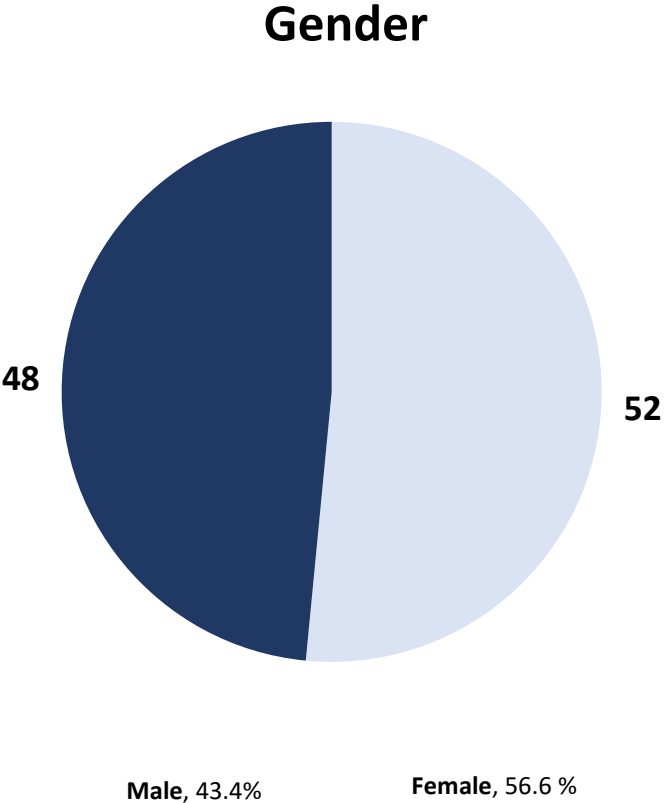
**Income Brackets**



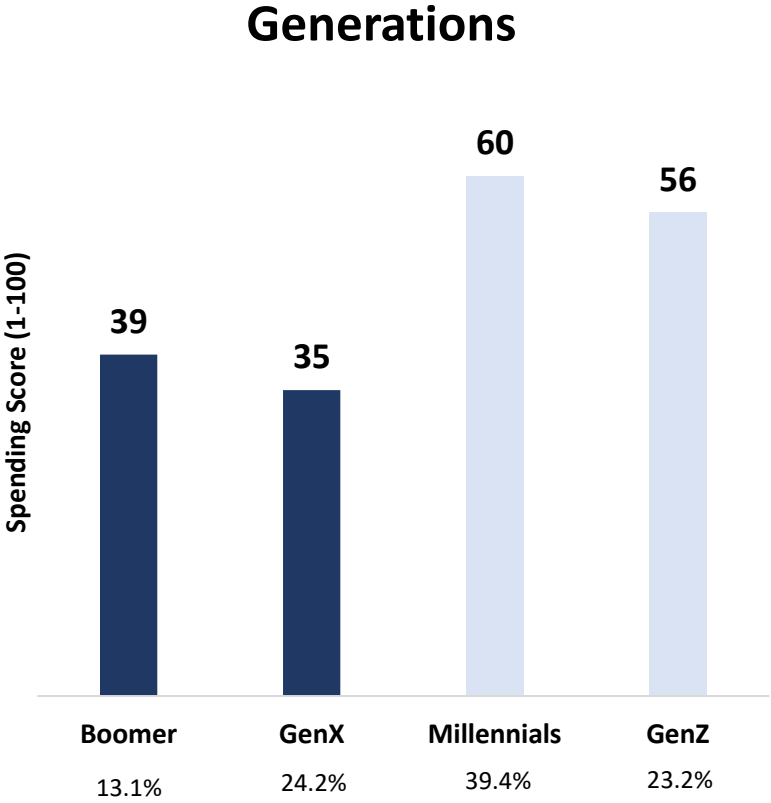
*\*Generations are defined as Boomers (58 years or older), GenX (43 to 57), Millennials (28 to 42) and GenZ (18 to 27).*

**Spending Score**

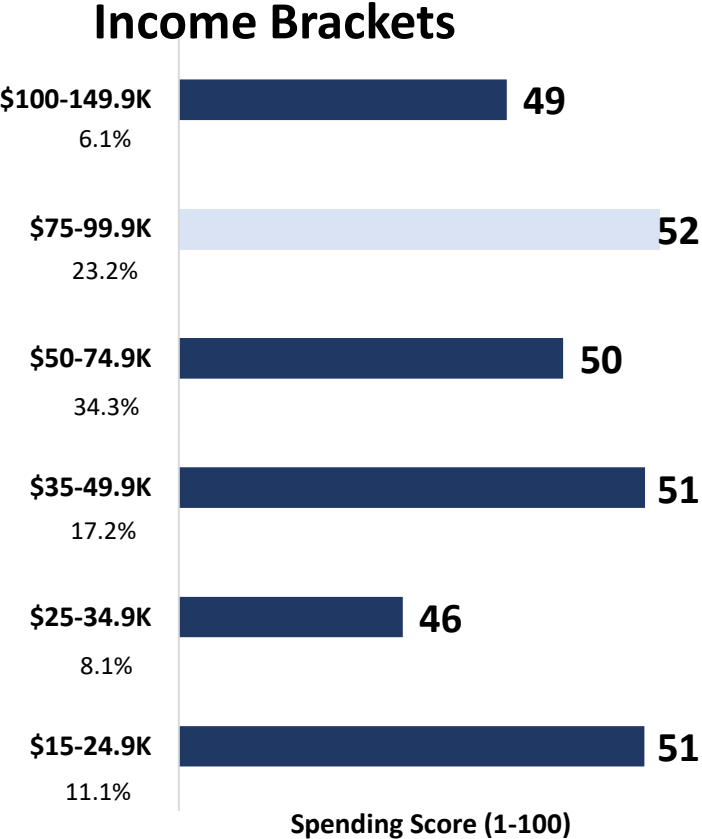
Female gender, on average, outspend Male with a 4-point higher Spending Score.



Millennials & GenZ spend the most with an average 58-point blended Spending Score.



\$75K-\$99.9K make up under a quarter of customers and outspend all Income Brackets.

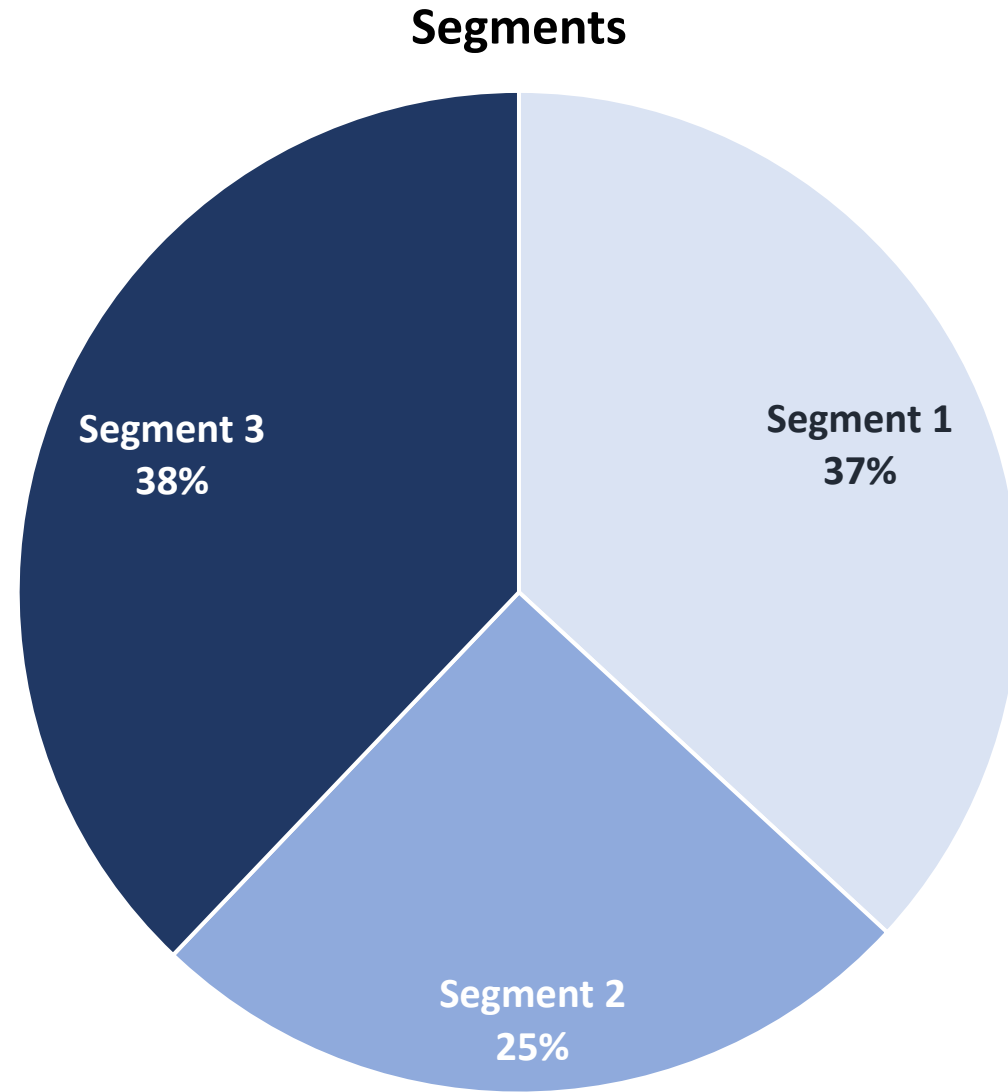


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**Segments**

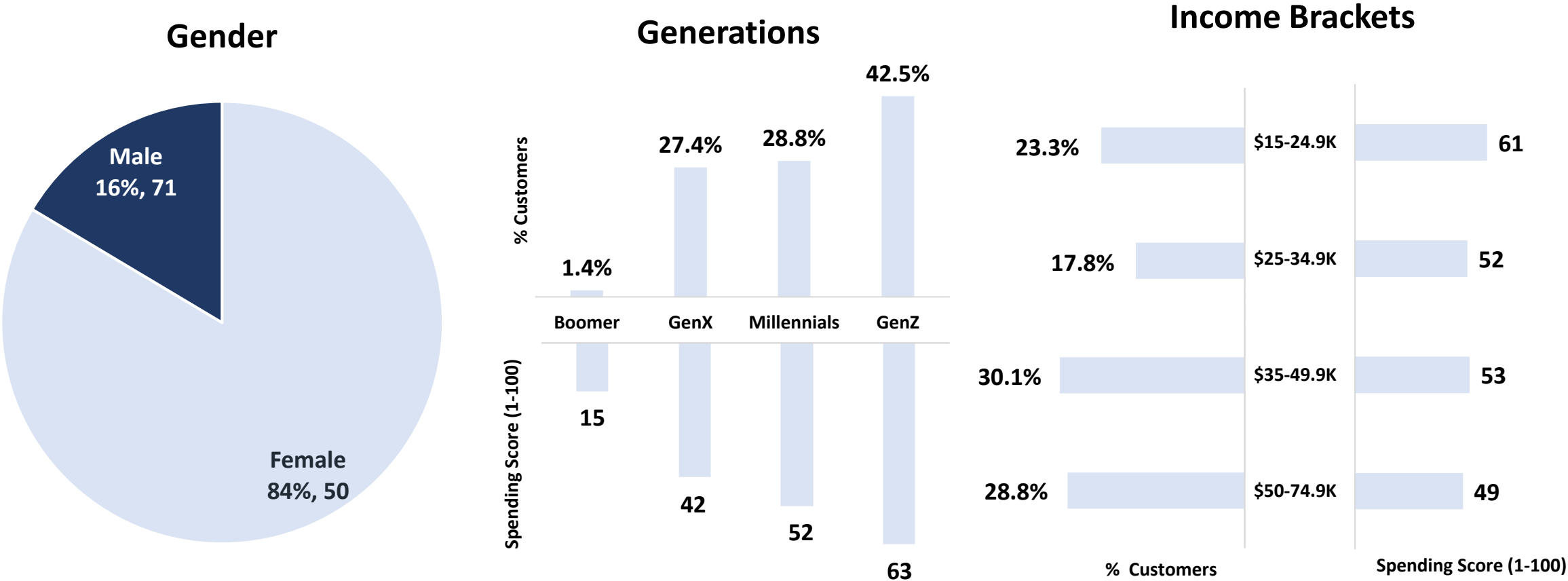
## Segments

Segment sample into three subgroups based on Age, Gender, and Income.



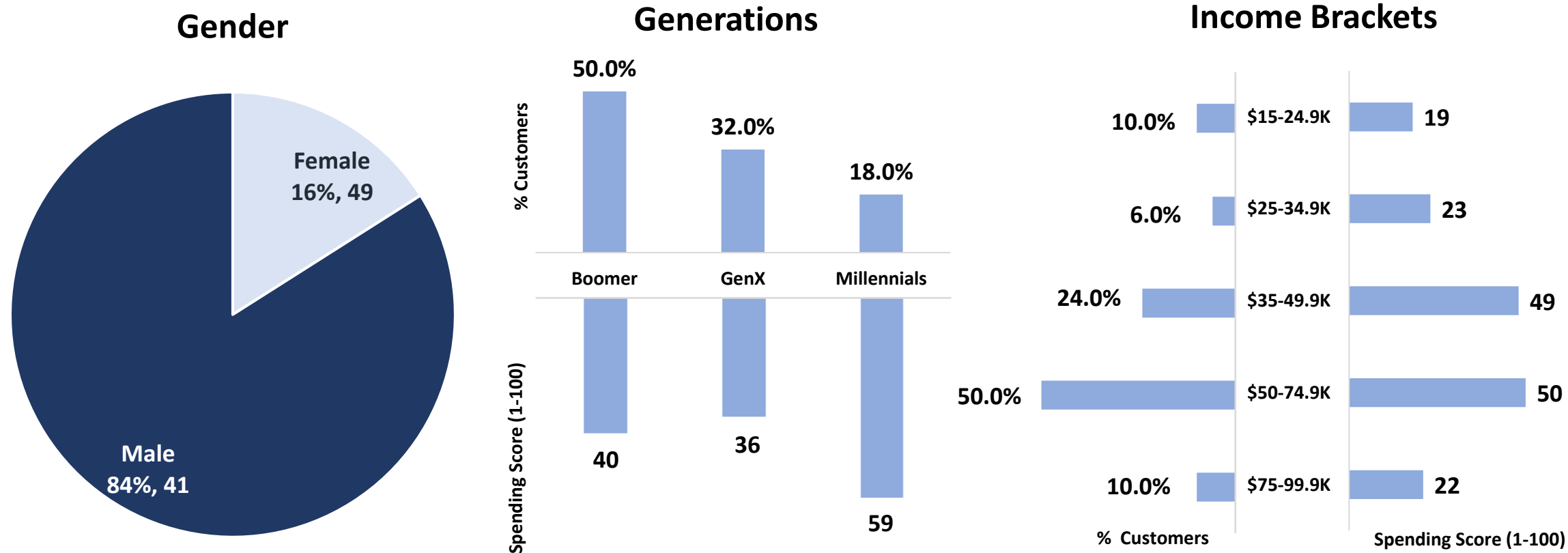


**Segment 1** makes up 37% - comprised of 16.4% Male and 83.6% Female gender, skews younger between 18 to 58 years old with an average age of 33 & median of 31, lower Income earning between \$15K to \$65K per year with both an average & median income of \$40K, and high-value with a 53-point blended Spending Score.



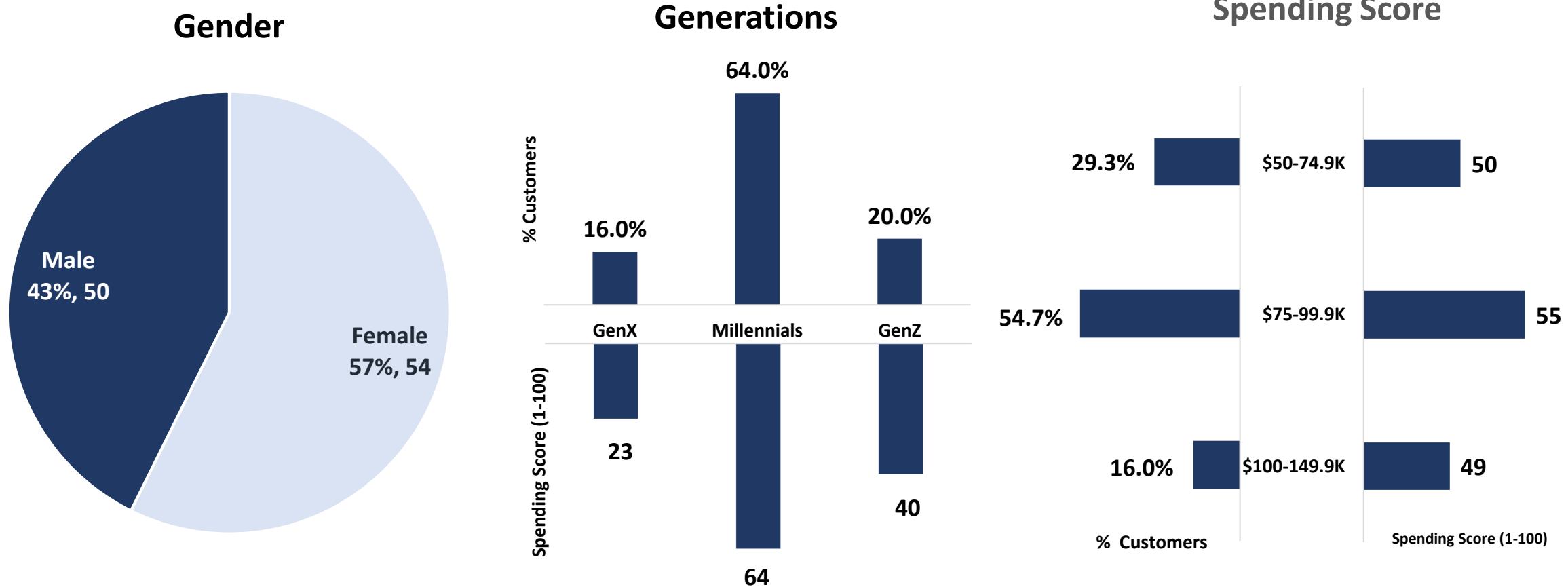
*\*Generations are defined as Boomers (58 years or older), GenX (43 to 57), Millennials (28 to 42) and GenZ (18 to 27).*

**Segment 2** makes up 25% - comprised of 84.0% Male and 16.0% Female gender, skews older between 33 to 70 years old with an average age of 55 & median of 58, Income between \$19K to \$93K with both an average & median income of \$54K, and a 42-point blended Spending Score.



*\*Generations are defined as Boomers (58 years or older), GenX (43 to 57), Millennials (28 to 42) and GenZ (18 to 27).*

**Segment 3** makes up 38% - comprised of 42.7% Male and 57.3% Female gender, skews younger between 18 to 57 years old with an average age of 34 & median of 33, more affluent Income earning between \$54K to \$126K per year with an average income of \$84K & median of \$78K, and high-value with 53-point blended Spending Score.



*\*Generations are defined as Boomers (58 years or older), GenX (43 to 57), Millennials (28 to 42) and GenZ (18 to 27).*

# Recommendations

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*To maximize the value of each customer to the business..*

- Tailor offerings to each subgroup (optimize through A/B testing)
- Incorporate additional data and identify ways to upsell or cross-sell and thus maximize customers Spending Scores and Lifetime Value

**Thank you**