



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

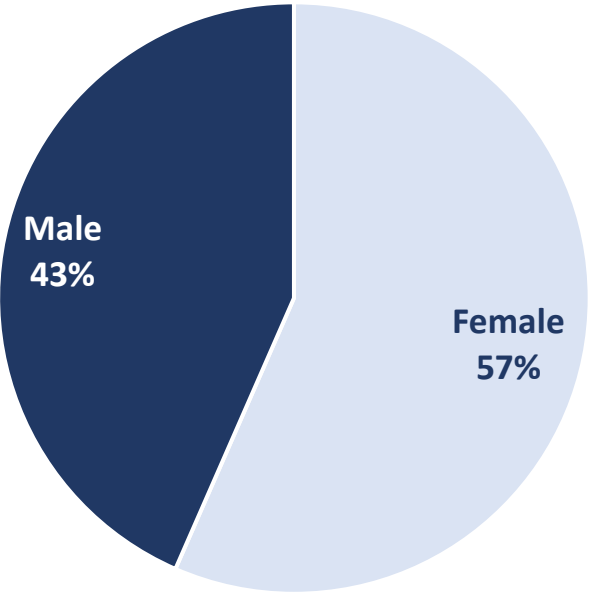
The following slides include insights into Generations, Income Brackets, Gender, and Spending Score with a focus on understanding who customers are, how spending varies across customer demographics, how customers vary by segment, and concludes with recommendations.

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

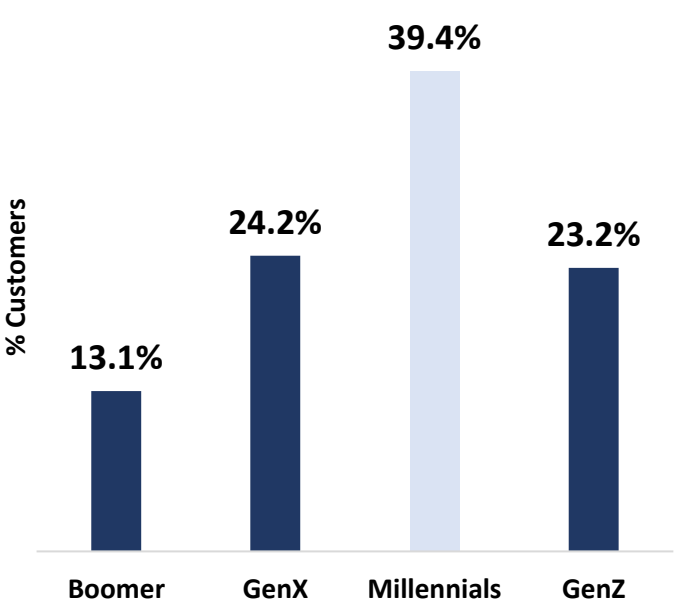
Demographics

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 \$137K per year with an average of \$61K & median of \$62K.

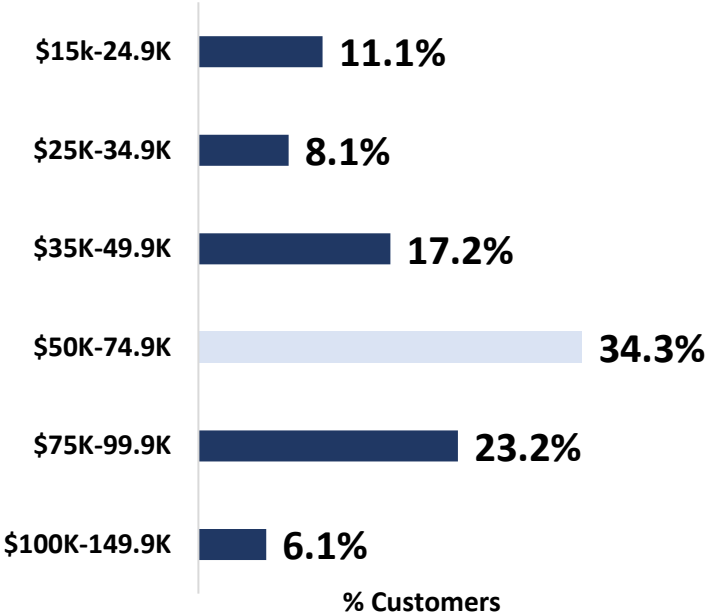
Gender



Generations



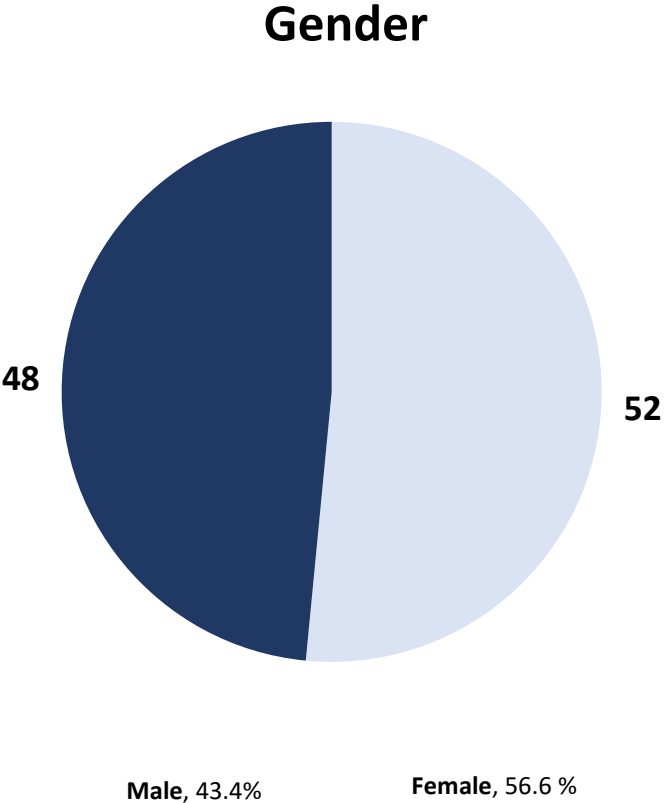
Income Brackets



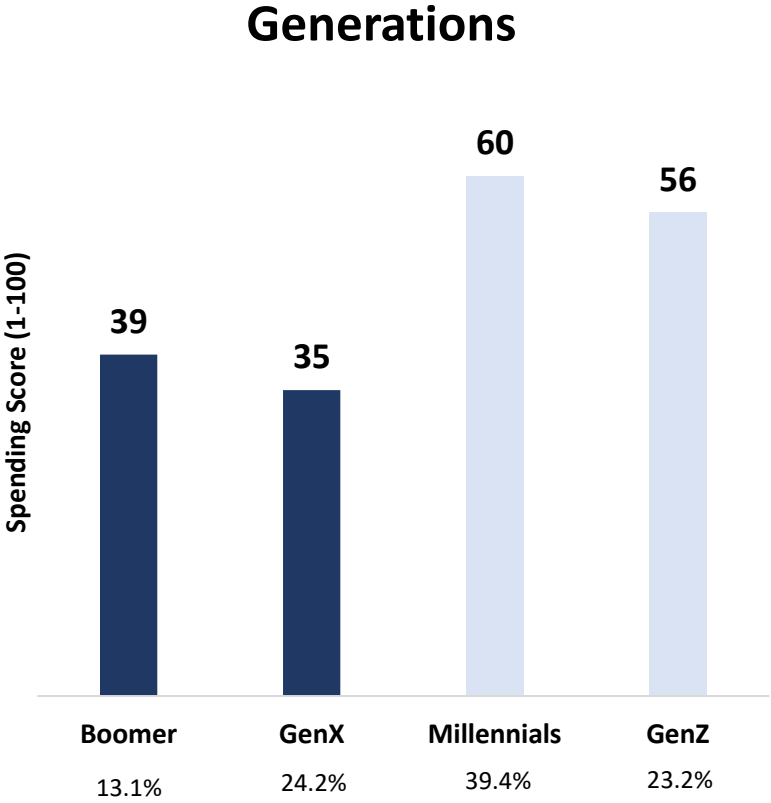
**Generations are defined as Boomers (58 years or older), GenX (43 to 57), Millennials (28 to 42) and GenZ (18 to 27).*

Spending Scores

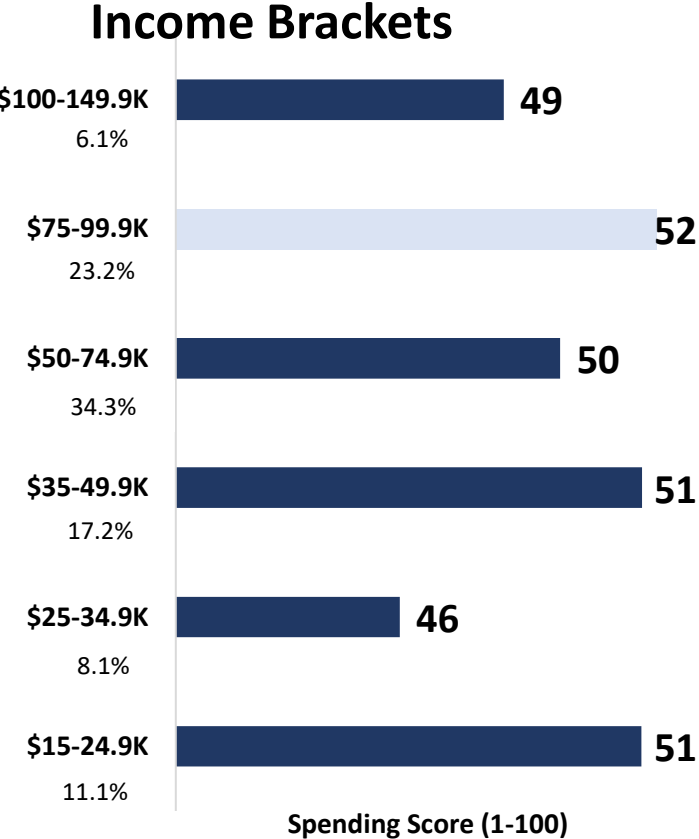
Female gender, on average, outspend Male with a 4-point higher Spending Score.



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.

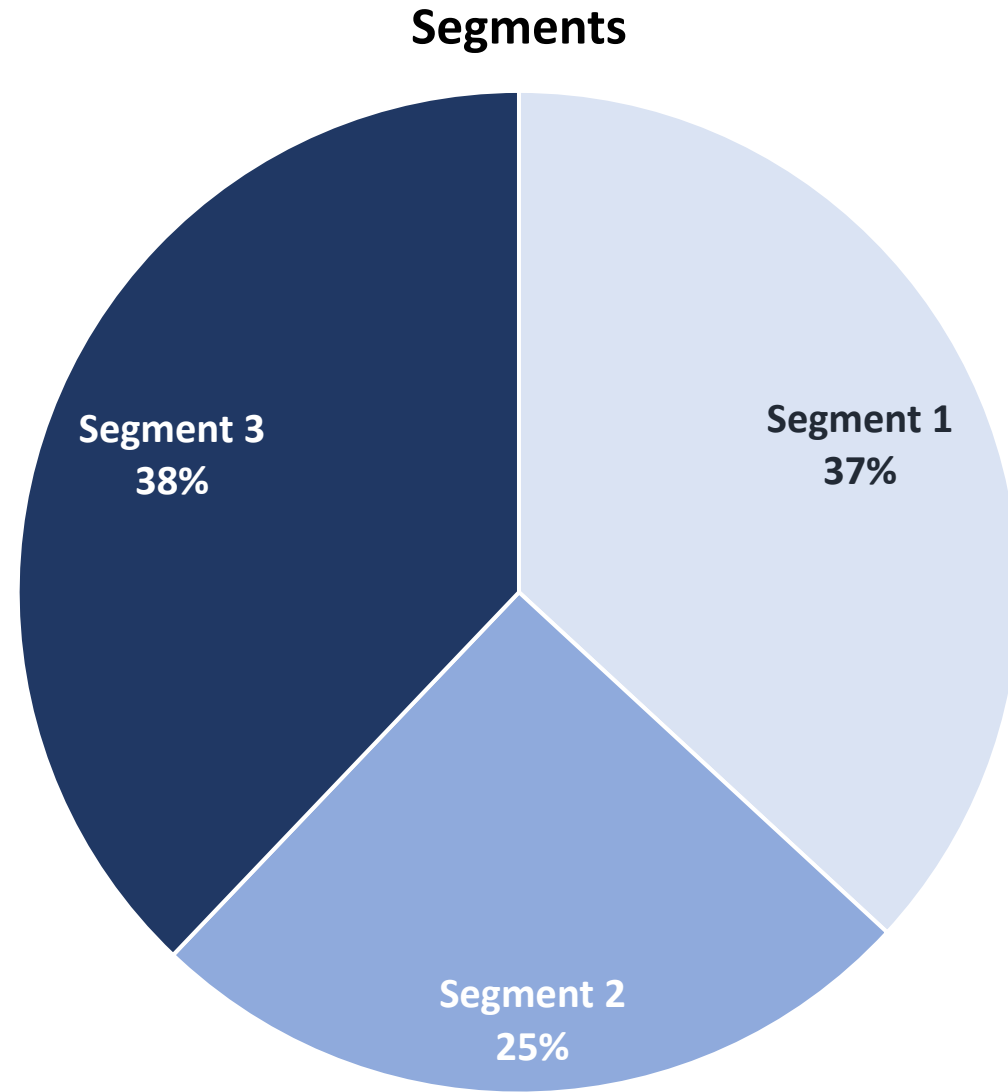


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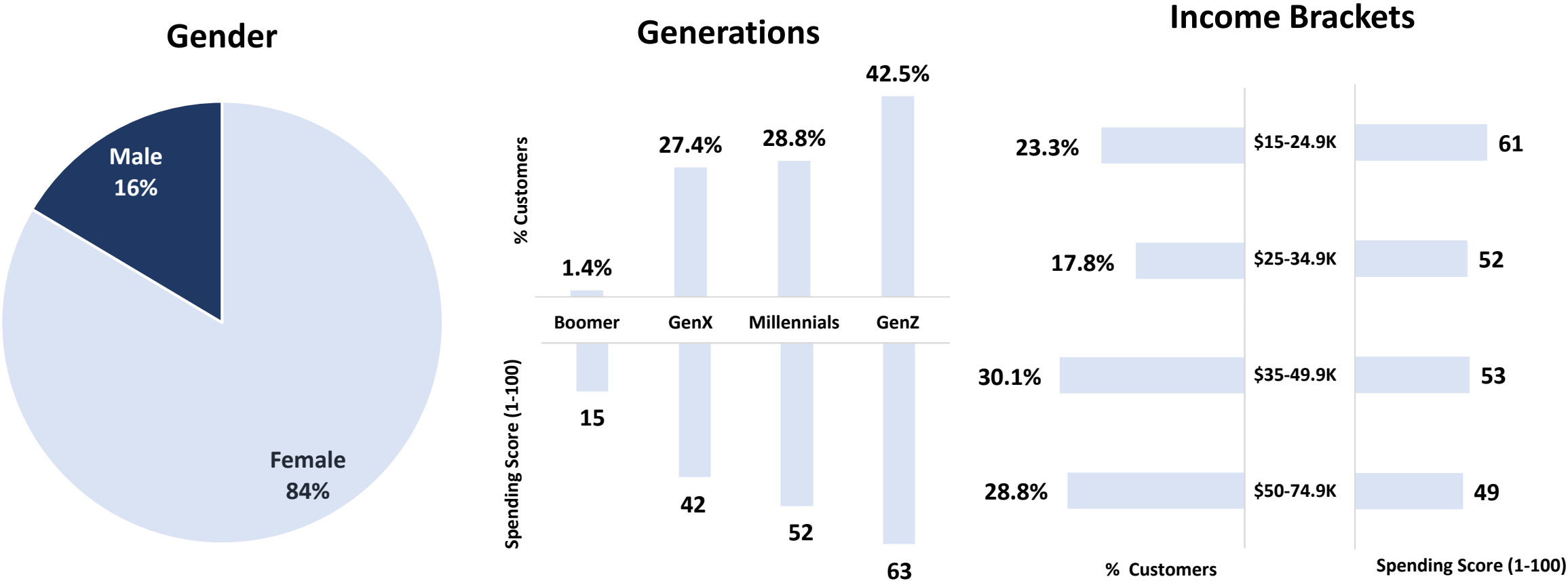
Segments

Segments

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

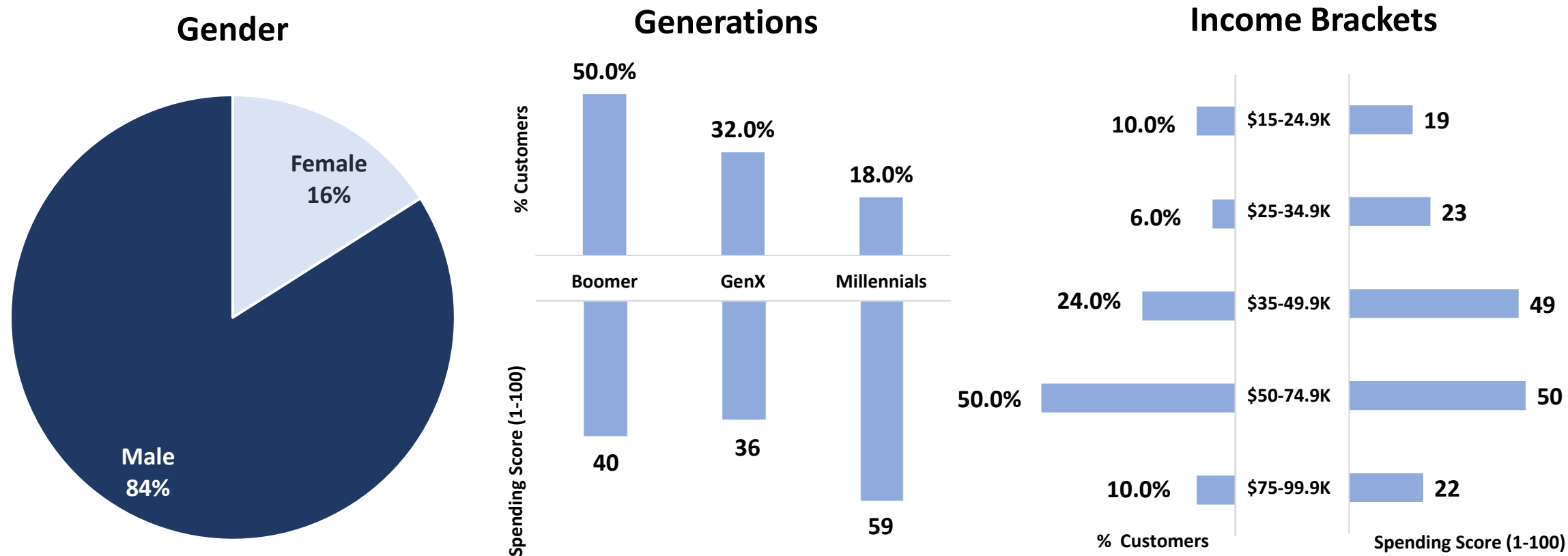


Segment 1 makes up 37% - comprised of 16.4% Male and 83.6% Female gender, skews younger between 18 to 58 years old with an average age of 33 & median of 31, lower Income earning between \$15K to \$65K per year with both an average & median income of \$40K, and high-value with a 53-point blended Spending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



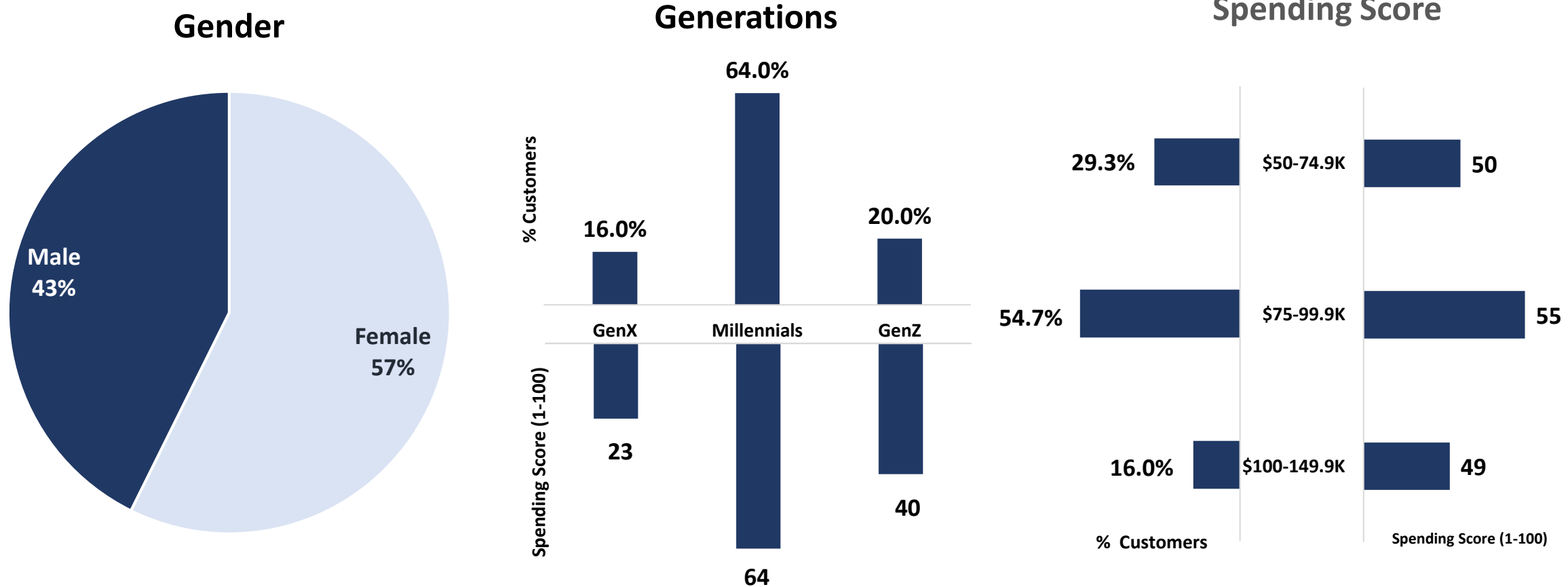
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Segment 2 makes up 25% - comprised of 84.0% Male and 16.0% Female gender, skews older between 33 to 70 years old with an average age of 55 & median of 58, Income between \$19K to \$93K with both an average & median income of \$54K, and a 42-point blended 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
- Incorporate additional data and identify ways to upsell or cross-sell and thus maximize customers Spending Scores and Lifetime Value