REINE DES MARACAS

WOMEN'S UNDERWEAR

REINE DES MARACAS

Client segmentation

Clémence Chesnais, Oriane Duclos & Marie Guibert

INTRODUCTION
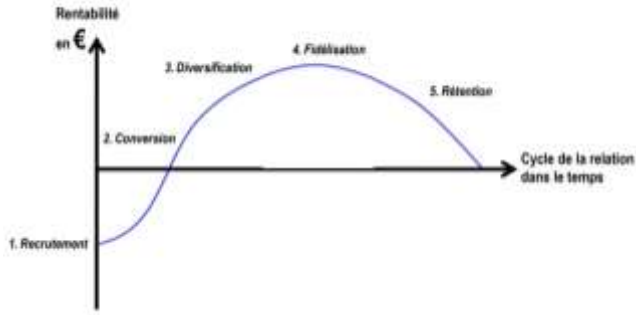
DATA MINING

RFM segmentation

Optimization of marketing's budget with a mathematical segmentation

1. What's the context of our survey ?

SITUATION

Stand out from the crowd

85 %

Retain customers

65 %

Understand customer's needs

75 %

Being popular thanks to the attention paid to customers

55%

STUDY PERIOD

This analysis is based on data from the last two years (From 01-09-2014 to 31-08-2016)

UNDERWEAR MARKET

On this market, we only have women. We need to target who our products are for.

MARKETING TEAM

This study is realised by the marketing team : Clémence Chesnais, Oriane Duclos & Marie Guibert

INITIAL DATABASES

36 157 customers
332 736 ticket lines
113 stores

Goal : create a perfect database for our analysis

THE SURVEY

We keep :
☐ Tickets between September 1, 2014 and August 31, 2016
☐ People aged 15 to 90 years old
☐ Customer seniority less than 120 months

FINAL DATABASES

26 856 customers
215 577 ticket lines
107 stores

1. What's the context of our survey ?

RFM SEGMENTATION

1- Definition

RFM SEGMENTATION

RFM stands for Recency, Frequency and Monetary value

Recency : the amount of time since a customer buy something

Frequency : number of purchases the customer made over a specific period

Monetary value : the amount of money a customer has spent on purchases

Usefull to predict yield, output of commercial operation

Segment customers based on their purchasing behavior, on their scores on each of these three parameters

Identify customer segments that are **most valuable** to a company and **target** a customer segment to develop marketing strategies to maximize revenue.
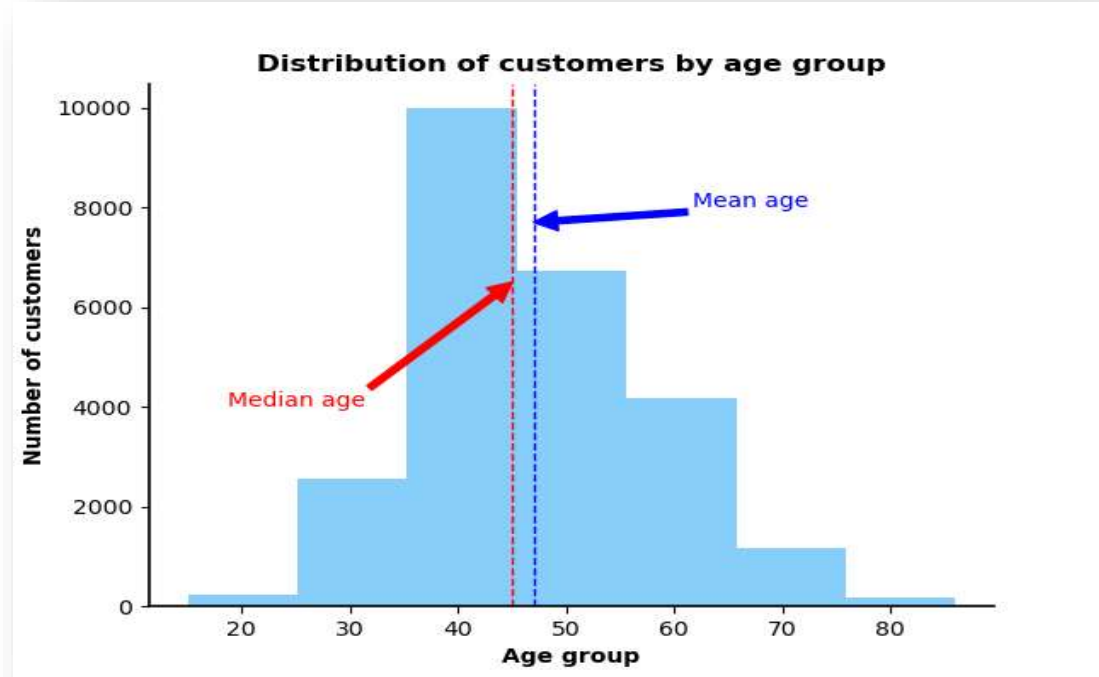
RFM SEGMENTATION

2- Results

OUR CUSTOMERS

This graph represents people who buy underwear of our brand.
Our goal is to create « clusters» of these customers to analyze who we need to boost or re-start.

Distribution of customers by age group

Our clients are mostly aged between 35 and 55 years old.

MEDIAN AGE	MEAN AGE	MODE AGE
45	47	43

The median age of active customers is 45 years old but the mean is 47 years old.

REGIONAL DIMENSION

In this segmentation, we wanted to take into account the geographical dimension of brand's customers. After this step and seeing that the differences wern't significant, we finally chose a **national** rfm segmentation.

SEA OR EARTH REGION ?

- ❑ Average turnover almost the same between the two areas
- ❑ More customers in regions near the sea : beachwear

| LOCALISATION	NUMBER OF CUSTOMERS	MEAN AVERAGE TURNOVER PER VISIT	MEDIAN AVERAGE TURNOVER PER VISIT
SEA	26 095	92.23 €	81.6 €
EARTH	760	95.16 €	82.94 €

PROVINCE VS PARIS

- ❑ Average turnover more important in Paris
- ❑ More customers in Province but it's logical because Paris is a small part of France

LOCALISATION	NUMBER OF CUSTOMERS	MEAN AVERAGE TURNOVER PER VISIT	MEDIAN AVERAGE TURNOVER PER VISIT
PROVINCE	18 606	89.16 €	79.33 €
PARIS	8 249	99.6 €	88 €

3. Our customers in details

RECENCY & FREQUENCY

Recency of our customers
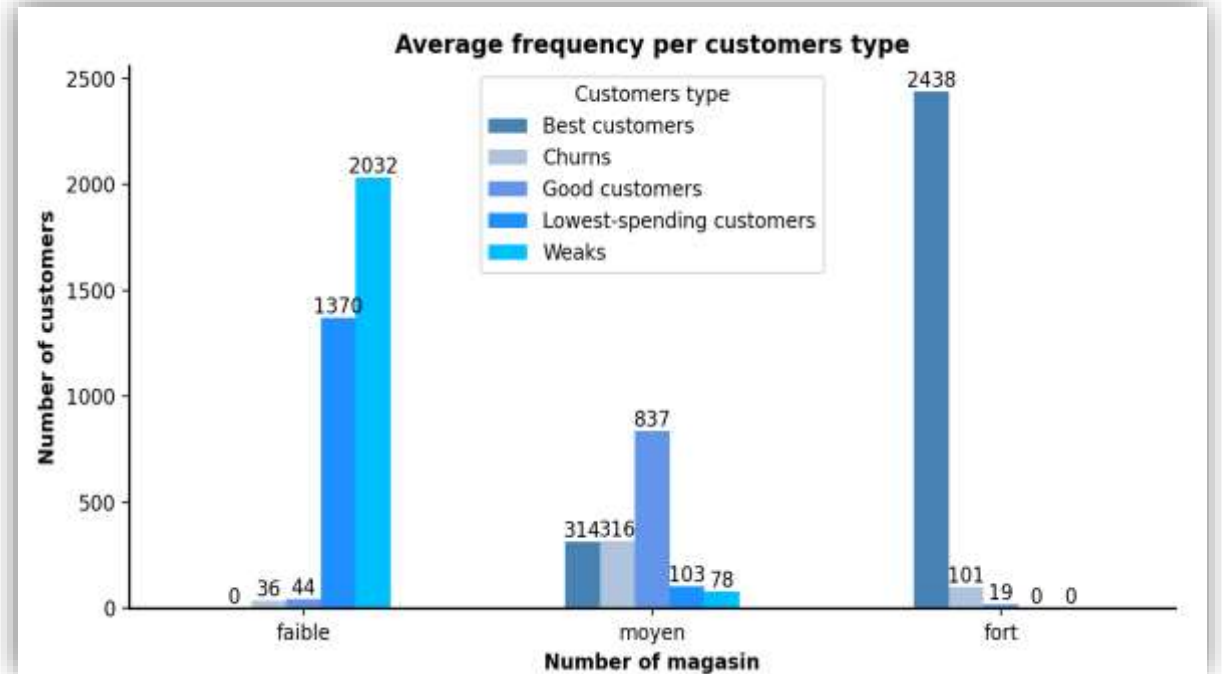

Frequency of our customers
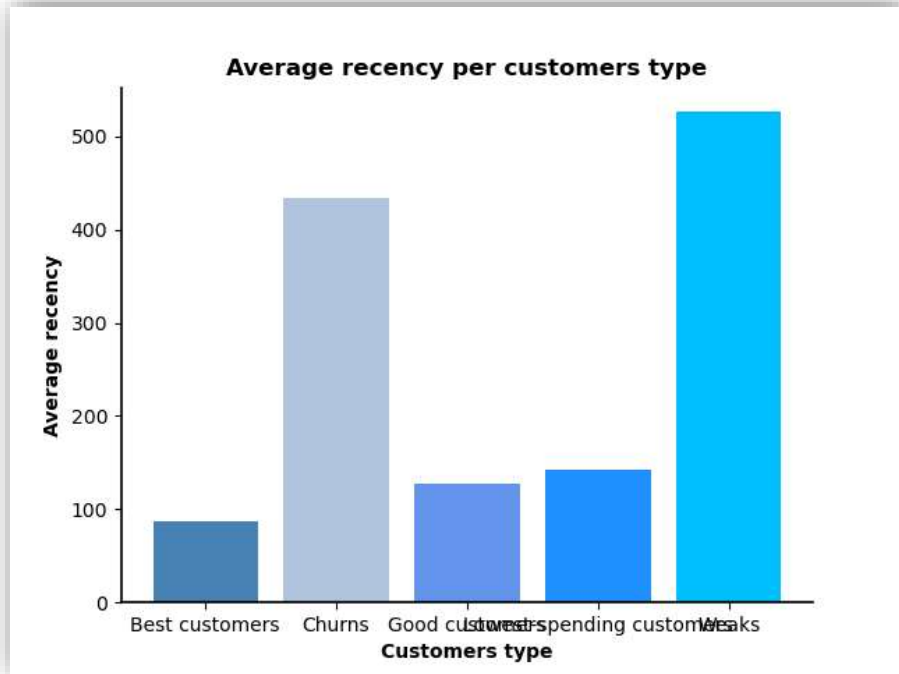
Statistics on the recency of the brand's customers show that the delay since the last purchase is very important, more than 500 days, for « weaks » customers. We have less success with them. However, for the most important buyers, the recency is lowest. Indeed, their recency is on average 87 days.
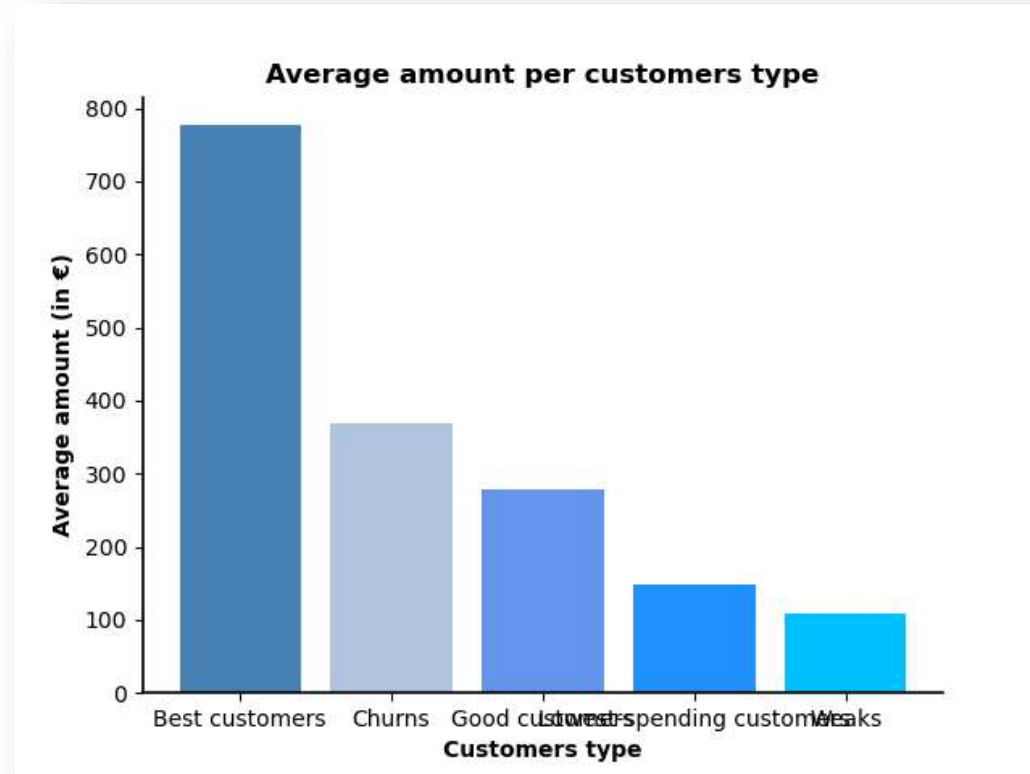
Frequency statistics show us that the customers who come the most times are the best customers. Logically, people who buy very infrequently correspond to the "weaks".

For more details :
- High frequency : best customers
- Medium frequency : lowest-spending customers
- Low frequency : weaks customers

SIZE PURCHASE

Average amount per customers type

MEDIAN AVERAGE AMOUNT

249 €

This graph makes sense. Very good customers spend more than "weaks " ones. The second segment who spend most money is the "Churns". We · suppose that these customers were "Best customers" for a short time but since they didn't purchase for a long time, they become churns. ==DONNER UN CHIFFRE==

CONSUMER DIMENSION

Boxplot of age according to segment

Boxplot of seniority according to segment
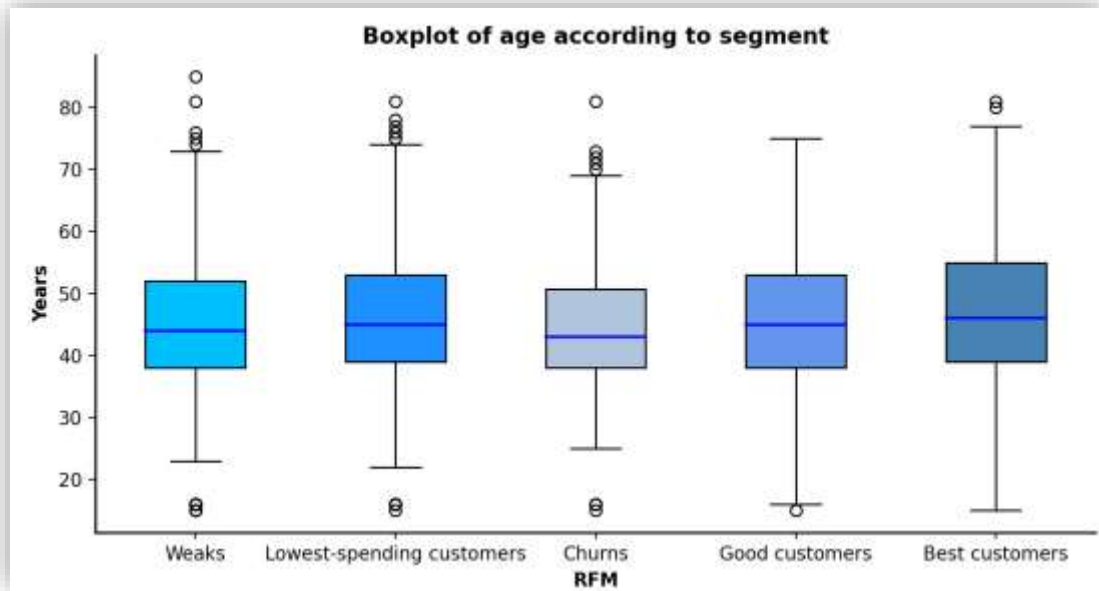
The median age of customers is the same for each segment
The age doesn't have real consequences on customer's consumption
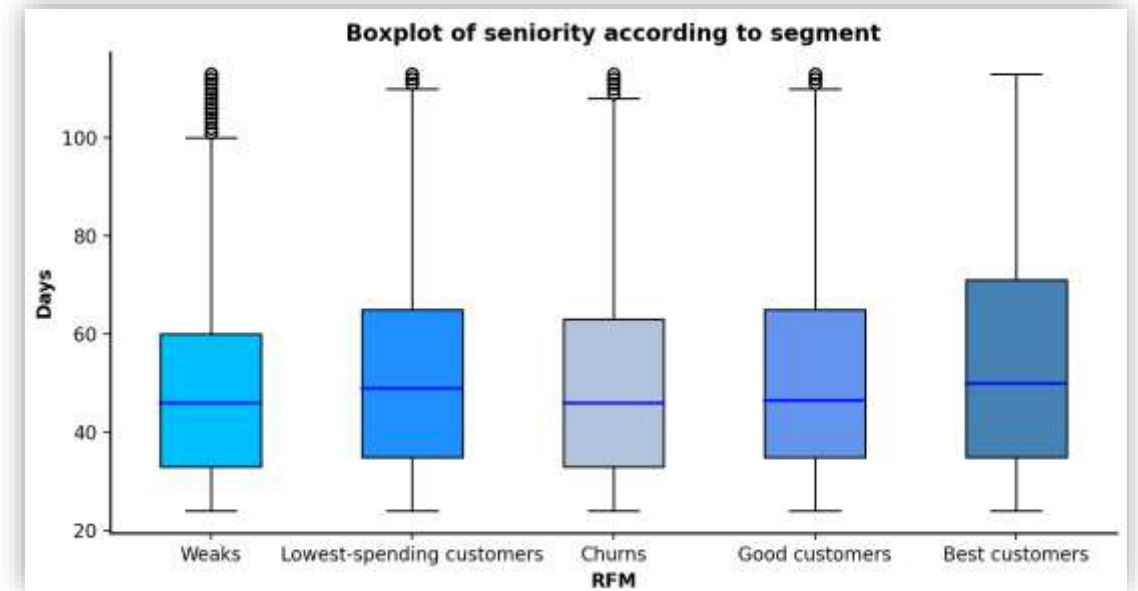
Median for seniority of «owest-spending customers» and « good customers » are slighly lower than for the others.
«Good customers» are mostly older consumers than weak consumers

Is there a potential in men customers ?

SEX	NUMBER OF CONSUMERS
WOMEN	7641
MEN	39
OTHER	8

PRODUCT TYPE DIMENSION

The average number of customers for each category of the variable "Number of Stores"
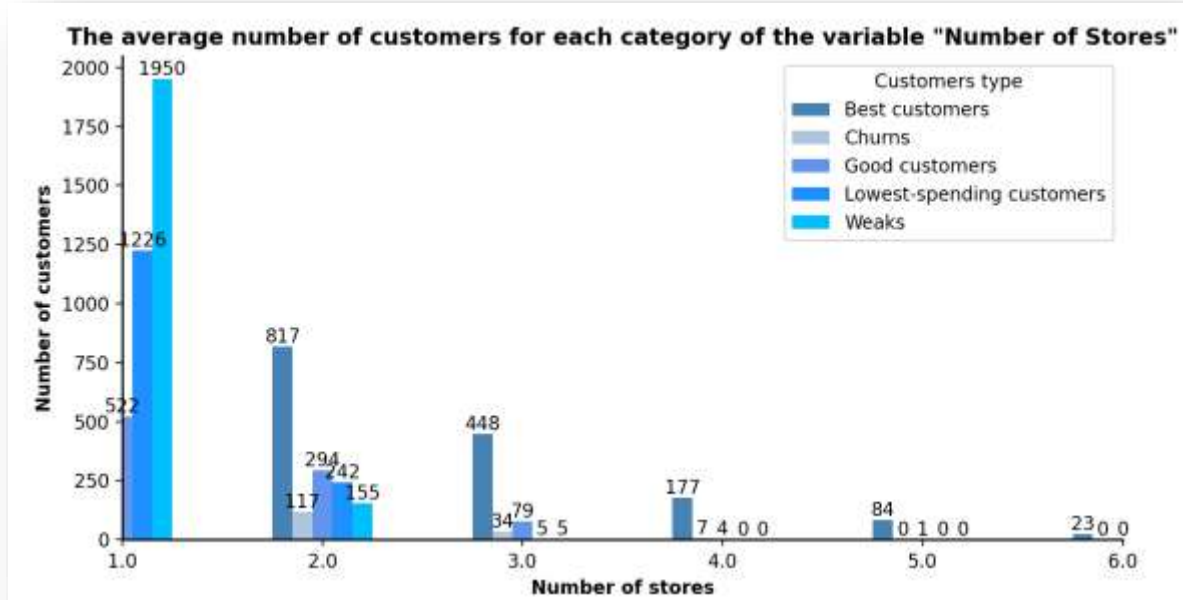
Statistic on the variable « Number of stores » visited by each customers segment show that the « Best customers » have visited 6 stores. On the opposite, the « Weaks » have only visited 2 stores.

"Statistics on the variable 'Number of lines' purchased by each customer segment show that 1599 'weak' customers purchase one type of product, 354 purchase two types of products, and only 27 of them purchase three types of products. As for the 'Best customers', most of them purchase three different types of products and 1003 purchase two types of products."

The average number of customers for each category of the variable "Number of lines".
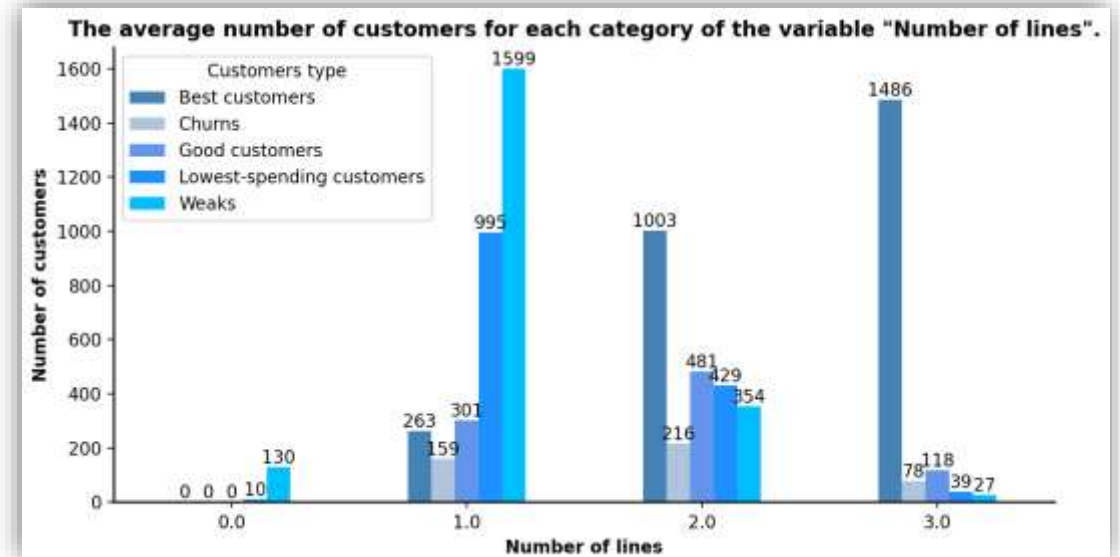
RFM SEGMENT SUMMARY

In order to perform a rfm segmentation, we have combine different data : the recency, the frequency and the amount for each customer. In the end, we obtained 9 segments that describe each customer profile.

This table allows us to understand which client is important for our brand and who made the most important sales turnover.

RFM	number	%number	Average recency	Average amount	Customers type
RFM1	2110	21	526	109	Weaks
RFM2	1000	10	187	149	Lowest-spending customers
RFM3	473	5	47	148	Lowest-spending customers
RFM4	301	3	448	282	Churns
RFM5	527	5	184	277	Good customers
RFM6	373	4	47	282	Good customers
RFM7	152	2	407	541	Churns
RFM8	1015	10	164	627	Best customers
RFM9	1737	17	42	864	Best customers

RFM1 represents 21% of the customers which is the biggest part. These customers are called the weaks. They have not a recent activity and they come rarely to the store « Reine des Maracas ».
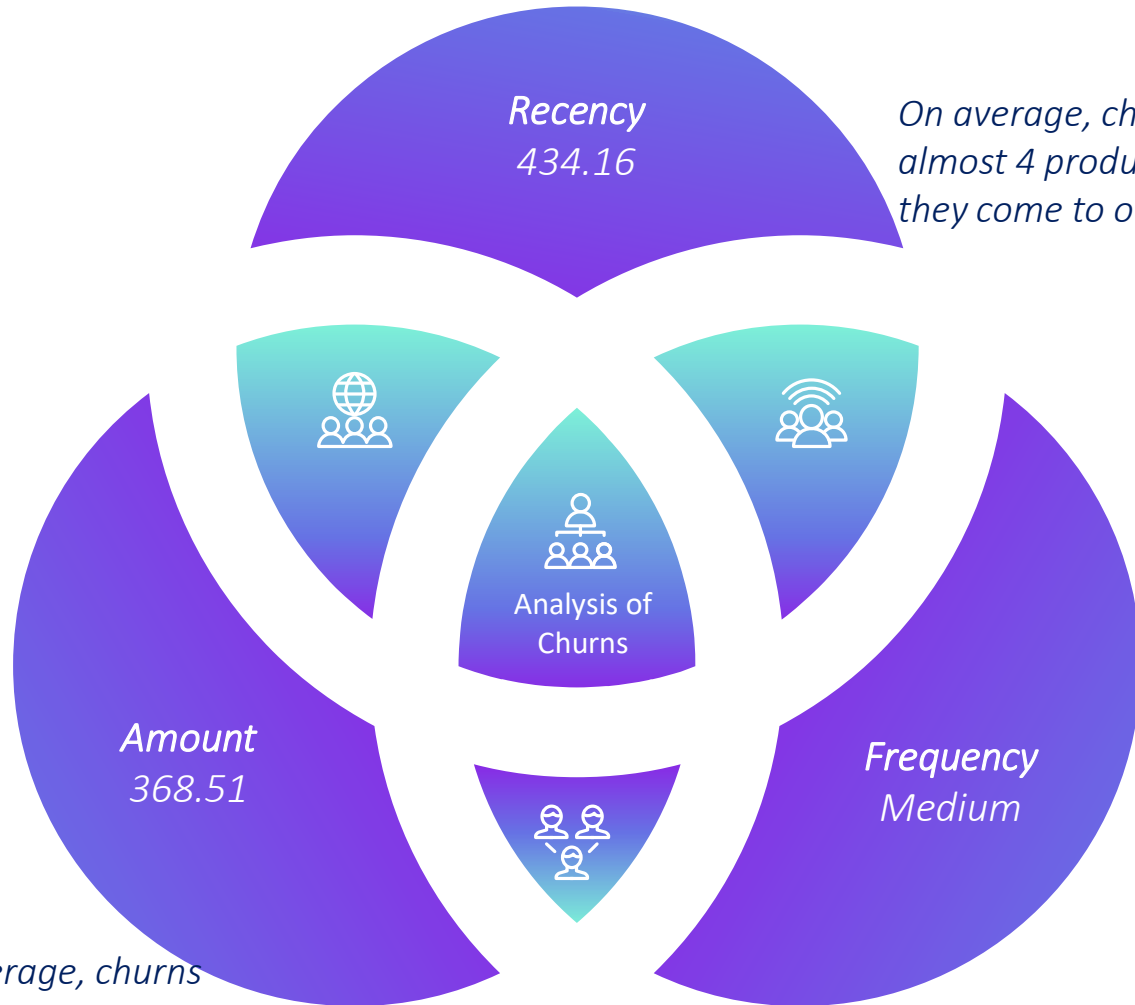*« Very good clients » are RFM8 and RFM9 and represent 10 % and 17% of the customers. On average, they spend 864€ and 627€. Moreover, they come often, in fact their recency is on average 42 days.*

CHURNS ANALYSIS

CHURNS

The goal when we analyze churns is to identify which people are important for our brand. We need to re-start or boost costumers who make us money and who buy frequently.

On average, churns buy almost 4 products when they come to our stores

Recency
434.16

Analysis of Churns

Amount
368.51

Frequency
Medium

On average, churns spend 368.5€

MEAN AGE	MEAN SENIORITY
45	51.8

MEAN NUMBER OF GIFTS
1.54

3.78
AVERAGE NUMBER OF PRODUCTS PURCHASED PER VISIT

On average, churns buy almost 4 products when they come to our stores

4. Churns

CHURNS

Different types of lines purchased by Churns
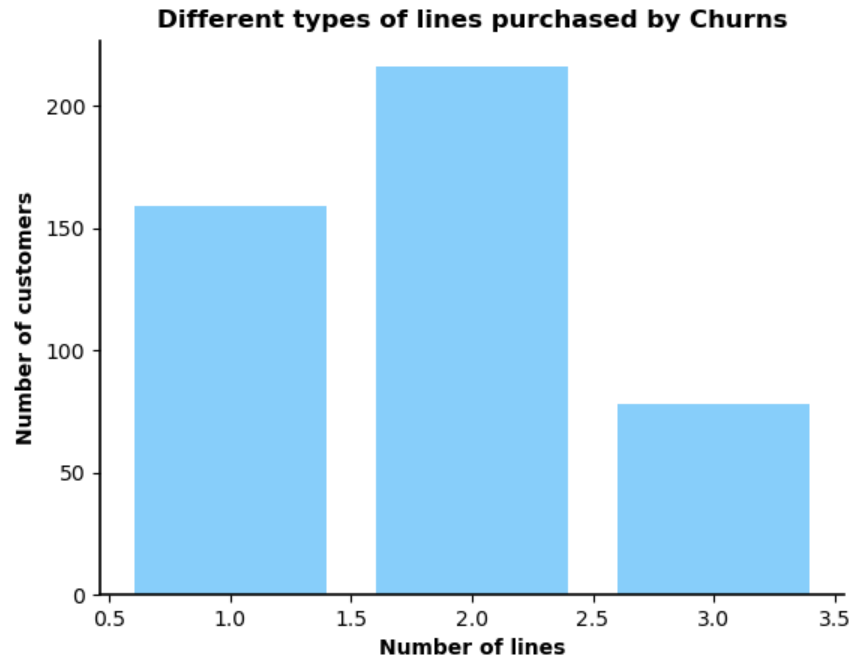
Moreover, on average, 216 of the « Churns » purchases 2 types of line but only 78 of them 3 types of line.

SEGMENT OF CUSTOMERS	MEAN OF AVERAGE TURNOVER PER VISIT	MEDIAN OF AVERAGE TURNOVER PER VISIT
CHURNS	106.77 €	82 €

CONCLUSION

CONCLUSION

10%

30 %

55%

10 %

DIVERSIFICATION

Create underwear lines for <u>men</u> and <u>teenagers</u>
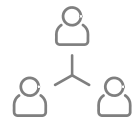
ADVERTISING & GIFTS

Set up <u>advertising</u> adapted to costumers and win loyalty or retain customers through <u>gifts</u>

PROMOTIONS

Offer <u>promotions</u> according to customer needs

→ Text message, e-mail

SATISFACTION

Keep satisfied customers

→ Customer satisfaction survey

Thanks for your attention

If you have any question, contact us !