



Customer Segmentation Sticks Kebob

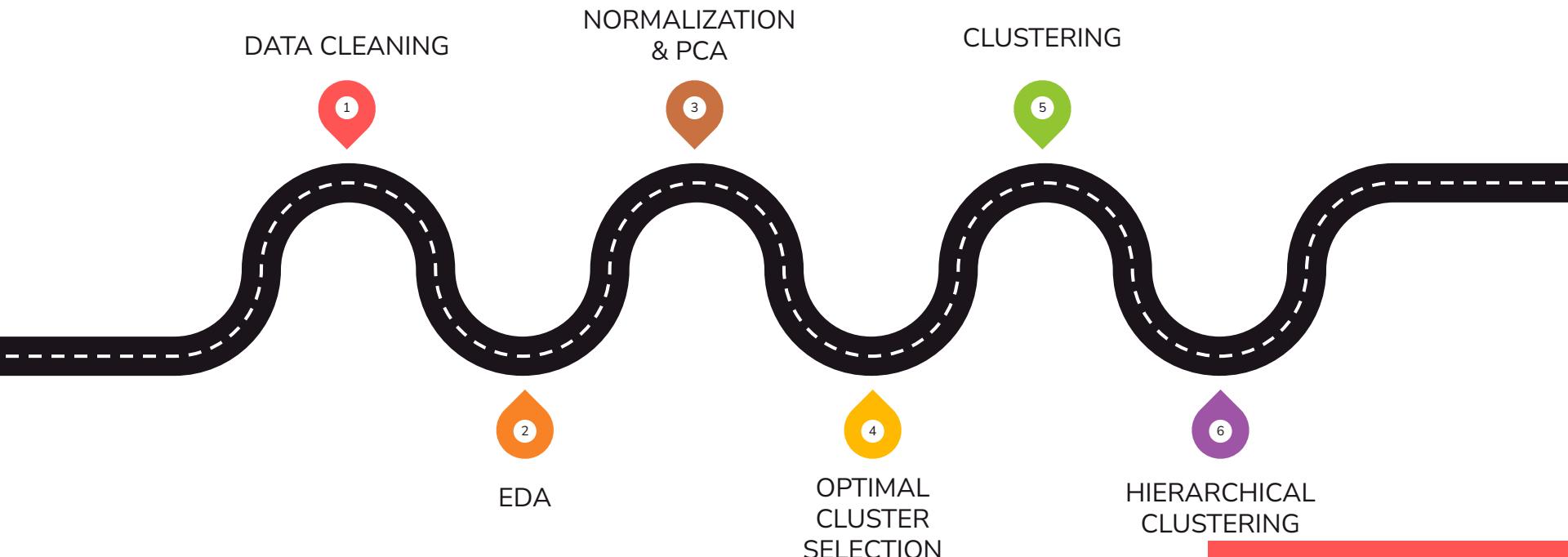


Introduction

- Sticks Kebob Shop, a quick-service food chain, faces a strategic expansion challenge.
- Expansion decisions rely on careful consideration of consumer demographics, competition, and brand positioning.
- This study examines Sticks' methodical approach to expansion, emphasizing fast-casual dining and diverse menu offerings.



map



“

1. Who do you think Sticks' customers are, and what are their motivations for visiting Sticks?



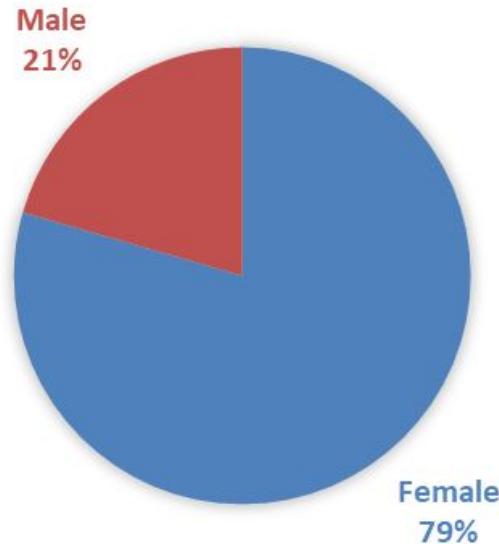
EDA on Customer Survey

Get key insights on the Customer demographics and behavioral patterns

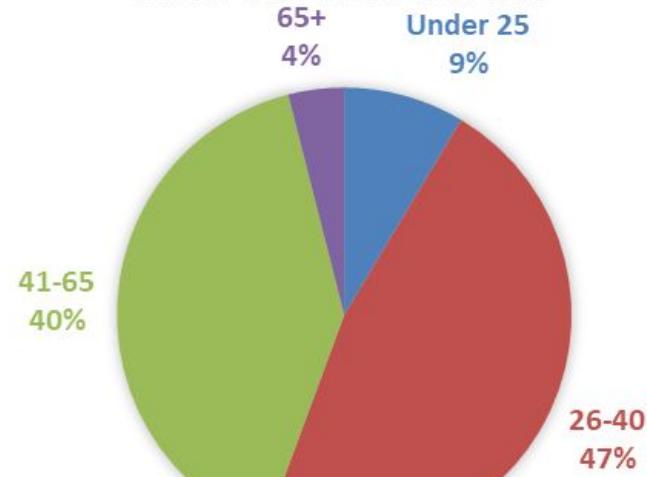


Gender and Age Distribution

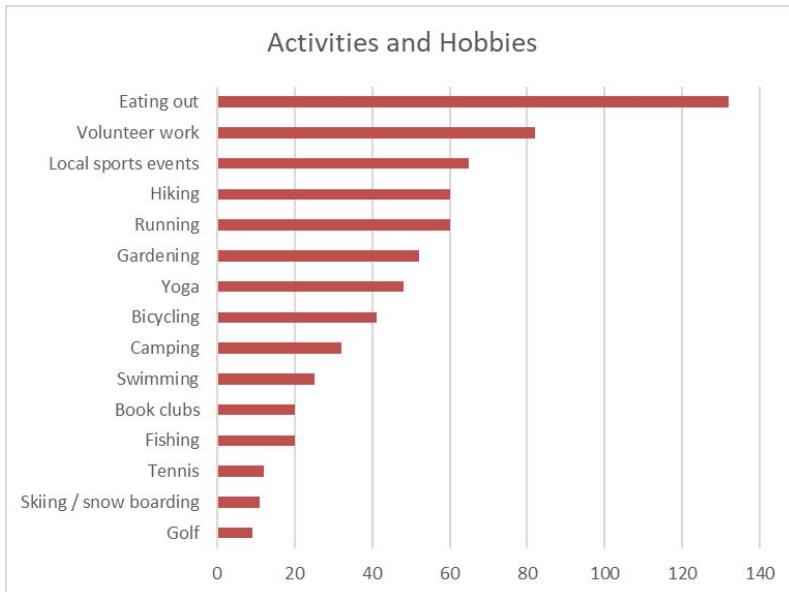
GENDER DISTRIBUTION



AGE DISTRIBUTION



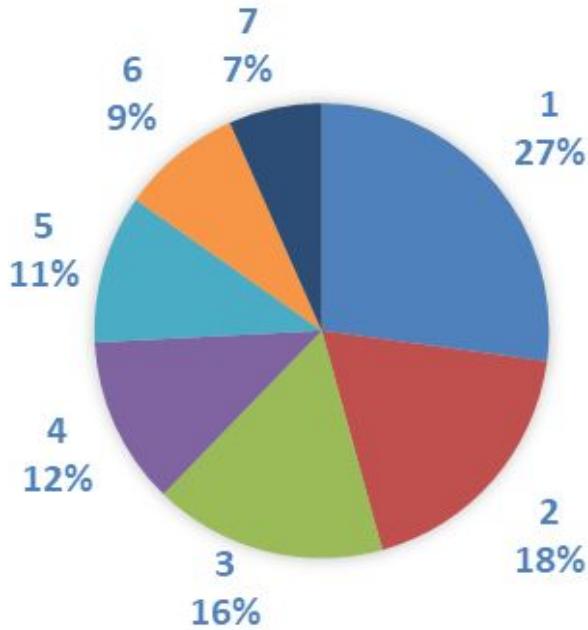
Activities and Hobbies



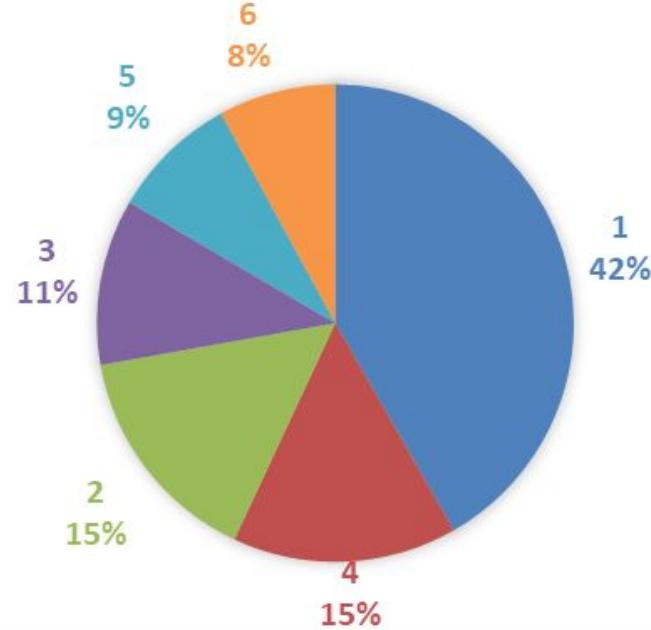
Swimming
Skiing / snow boarding
Local sports events
Bicycling
Gardening
Volunteer work
Hiking
Running
Yoga
Golf
Camping
Fishing
Tennis
Eating out
Book clubs

Eating Habits

EAT AT HOME

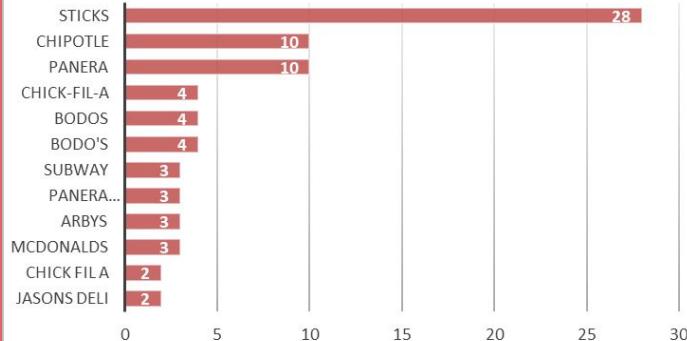


BRING LUNCH TO HOME

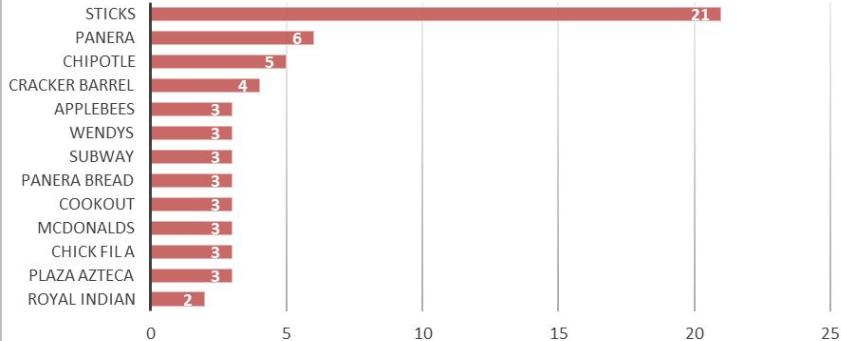


Restaurant Preference

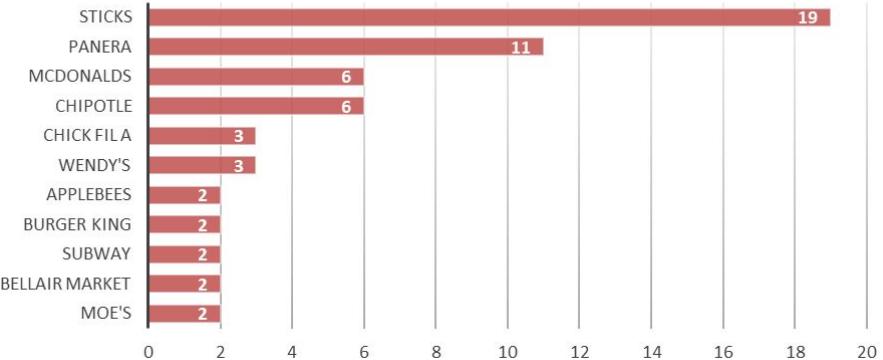
Most frequent restaurant visited



Second Most frequent restaurant visited



Third Most frequent restaurant visited



Visited in past 3 months

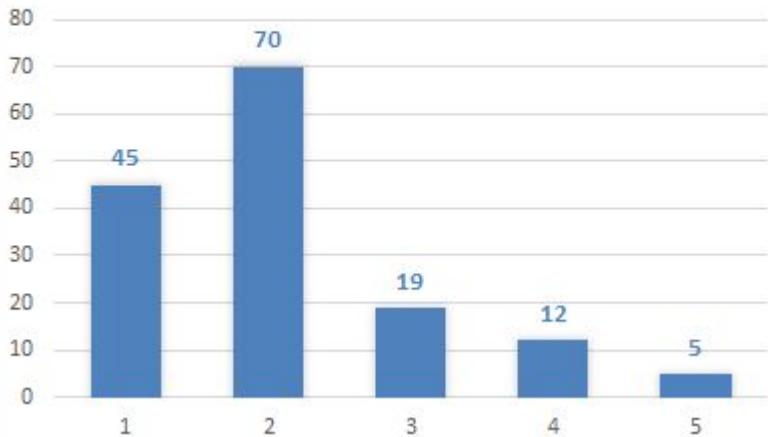


How often have the customer visited Sticks for the following occasion

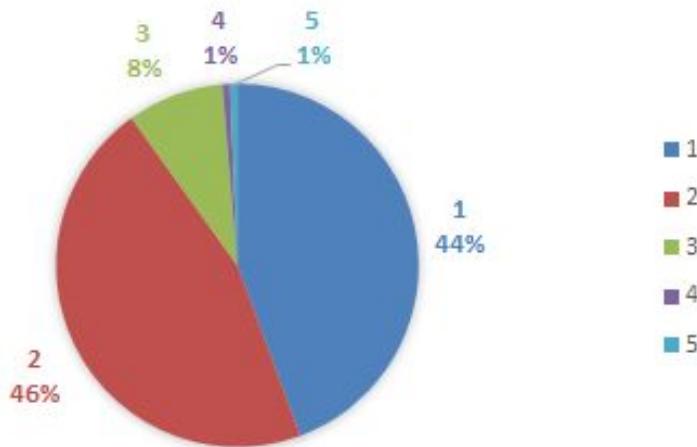


Customer Behaviour

USED COUPON WHEN VISITED A RESTAURANT

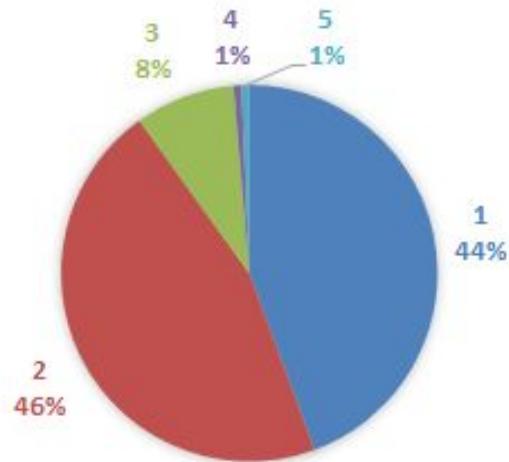


CAREFULLY CONSIDER THE HEALTH BENEFITS

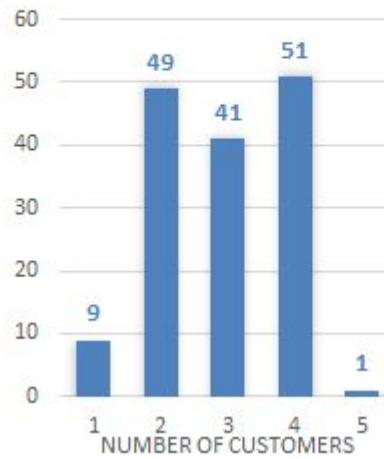


Customer Behaviour

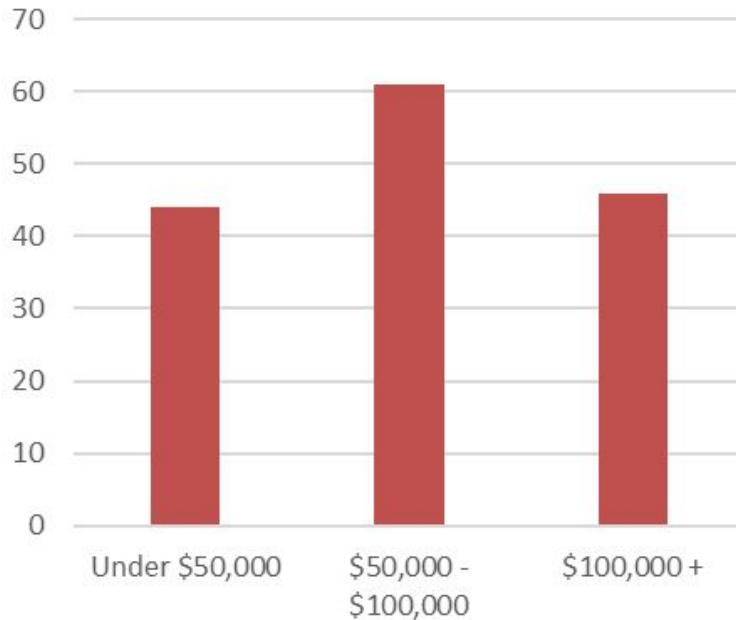
CARE ABOUT LOCAL SOURCING



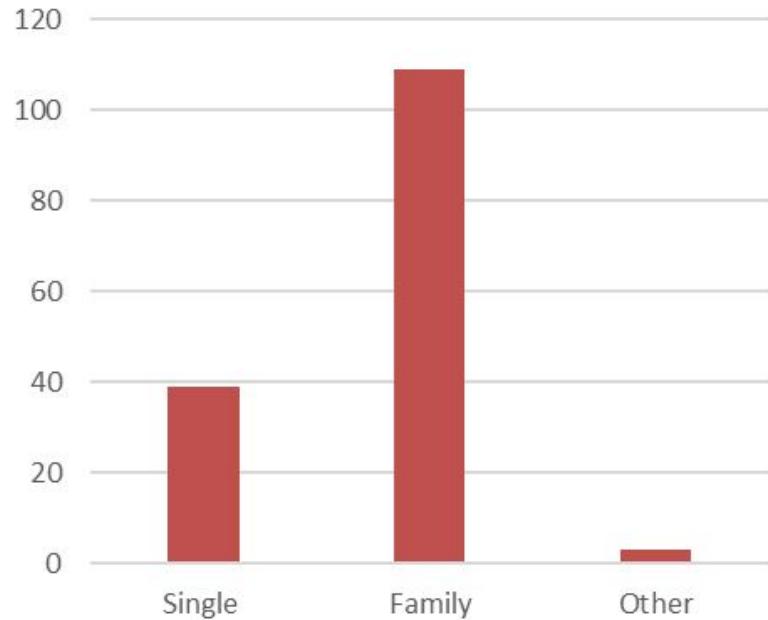
HAVE TROUBLE CONTROLLING MY SPENDING



Income Distribution



Household Type



Income and Household type

Customer Psychology

Please indicate how important the following factors are when you visit a restaurant	Very important	Important	Does not matter	Not important	Do not care
Convenient place to eat	55.63%	39.07%	3.97%	0.66%	0.66%
Variety of menu options	43.05%	47.02%	8.61%	0.66%	0.66%
Good value for money	72.85%	23.84%	2.65%	0.66%	0.00%
Healthy menu options	67.55%	24.50%	7.28%	0.66%	0.00%
Food taste and satisfaction	94.04%	5.96%	0.00%	0.00%	0.00%
Friendly staff	45.03%	51.66%	1.99%	0.66%	0.66%
Pleasant ambiance	33.11%	56.95%	8.61%	0.66%	0.66%
Consistency / reliability	75.50%	23.18%	0.00%	1.32%	0.00%

Customer Psychology

	Strongly Disagree	Disagree	Somewhat Disagree	Somewhat Agree	Agree	Strongly Agree
Sticks in comparison to similar restaurants that you visit regularly						
Convenient place to eat	31.13%	27.15%	31.13%	7.95%	1.99%	0.66%
Variety of menu options	31.79%	28.48%	32.45%	7.28%	0.00%	0.00%
Good value for money	26.49%	23.18%	34.44%	13.25%	1.99%	0.66%
Food taste and satisfaction	55.63%	31.79%	11.92%	0.66%	0.00%	0.00%
Friendly staff	41.06%	21.19%	34.44%	2.65%	0.66%	0.00%
Pleasant ambiance	28.48%	29.80%	38.41%	3.31%	0.00%	0.00%
Consistency / reliability	52.32%	27.81%	19.21%	0.66%	0.00%	0.00%

Overall Customer Behaviour

Overall Customer Behaviour	Always	Almost Always	Neutral	Almost Never	Never
I tend to plan things very carefully	39.74%	41.72%	17.22%	0.00%	1.32%
I sometimes have trouble controlling my spending	5.96%	32.45%	27.15%	33.77%	0.66%
I think it is important to purchase products that are made locally	29.80%	63.58%	3.31%	1.32%	1.99%
I carefully consider the health benefits of what I eat	44.37%	45.70%	8.61%	0.66%	0.66%



Ideal Customer

Female

25-50 years of age

Has a family

Eats of twice/thrice a week

Business Professional

Earns 50-100k per annum

Hobbies : Eating out, volunteering and sports

Price Conscious

Prefers

- Convenience
- Value for money
- Healthier menu

Care about local sourcing

Carefully considers health benefits

Love Sticks for it's food taste and satisfaction

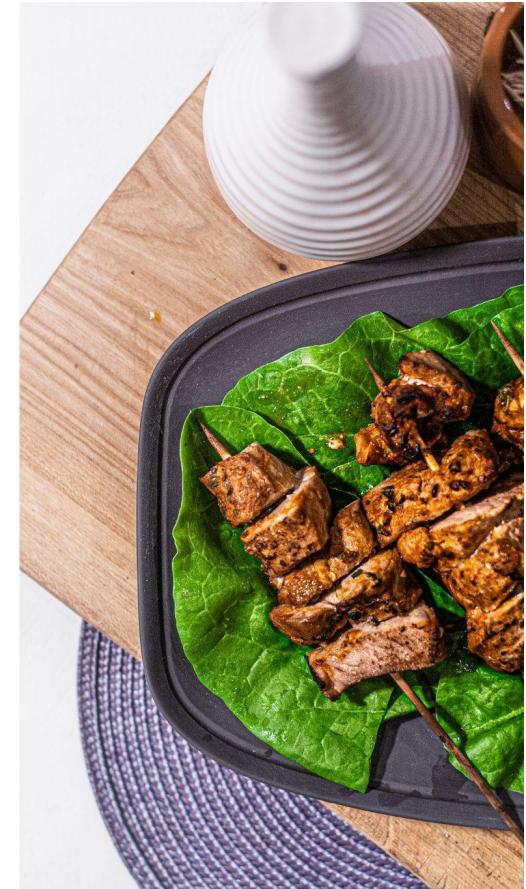
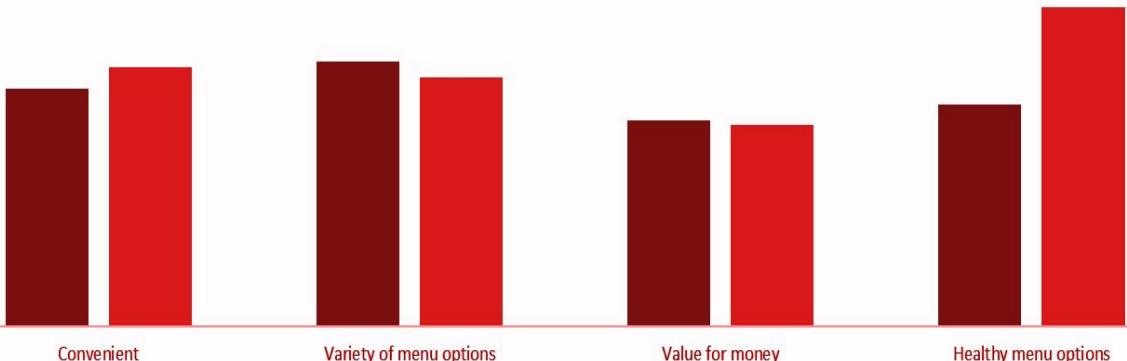
2

How do people choose which fast-food restaurant to visit? What is important—location, price, assortment, or cuisine?



How do people choose which fast-food restaurant to visit?

■ Customers ■ Non Customers

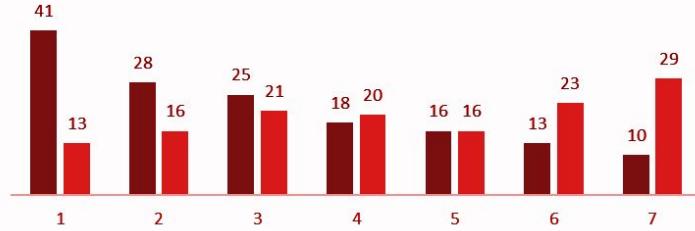




3. What do the survey data tell us about differences between customers and noncustomers?

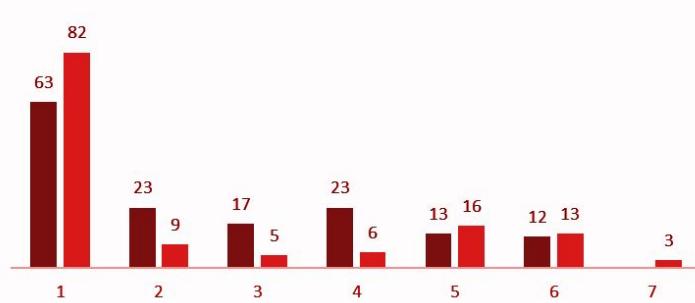
Count of How many times in the last week did you do the following? - Make and eat lunch at home

■ Customers ■ Non Customers



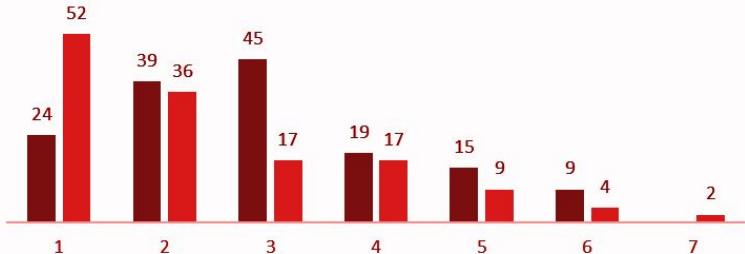
Count of How many times in the last week did you do the following? - Bring lunch to work

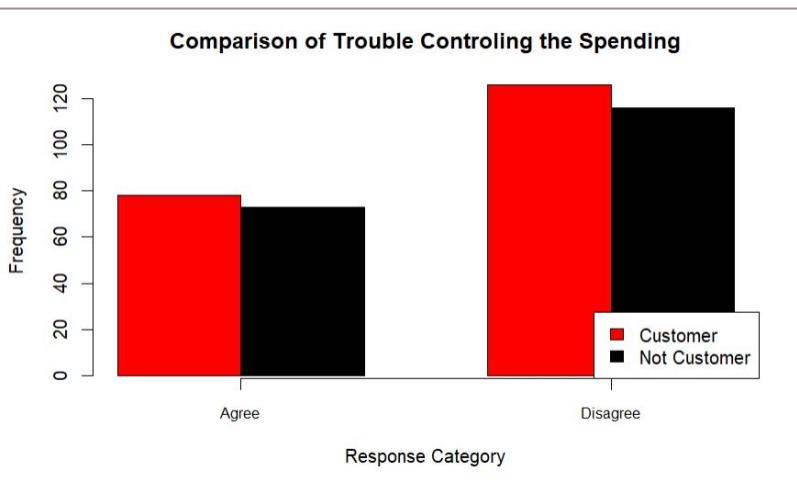
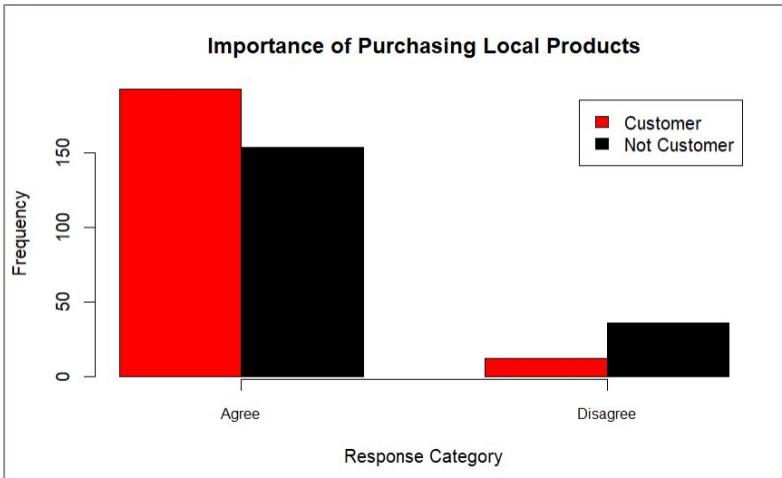
■ Customers ■ Non Customers

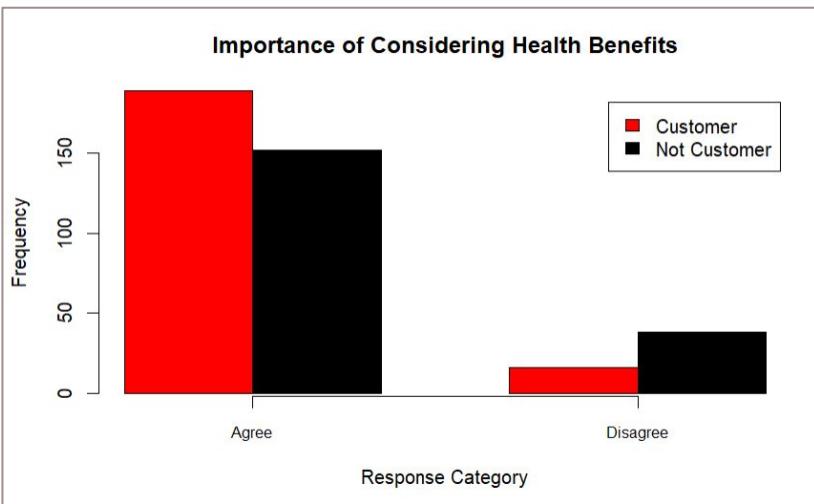
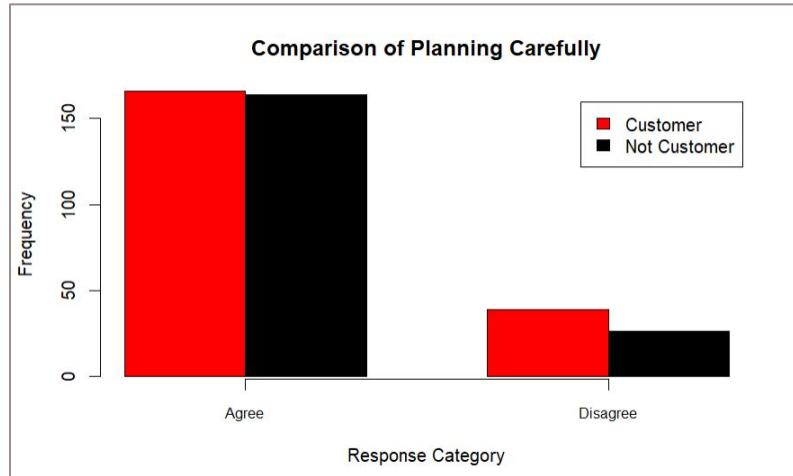


Count of How many times in the last week did you do the following? - Buy lunch at a restaurant / food court / food truck

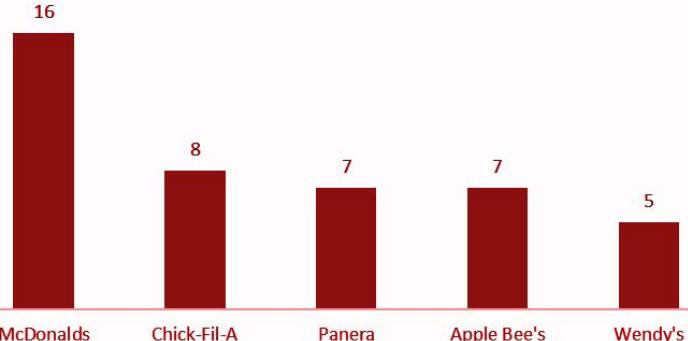
■ Customers ■ Non Customers



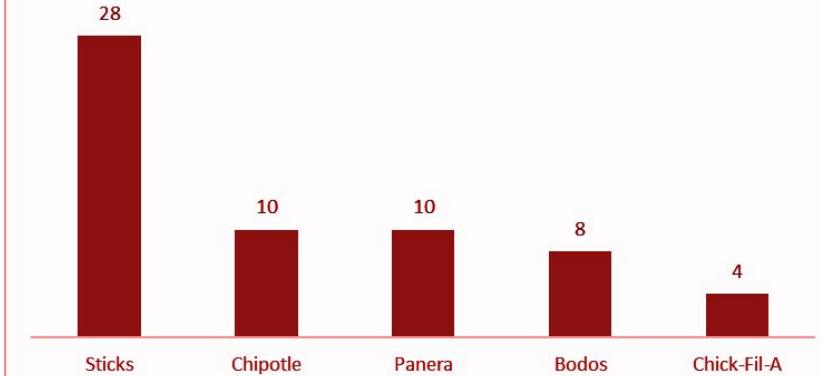




Top five restaurants you have visited in the last six months -Not Customer



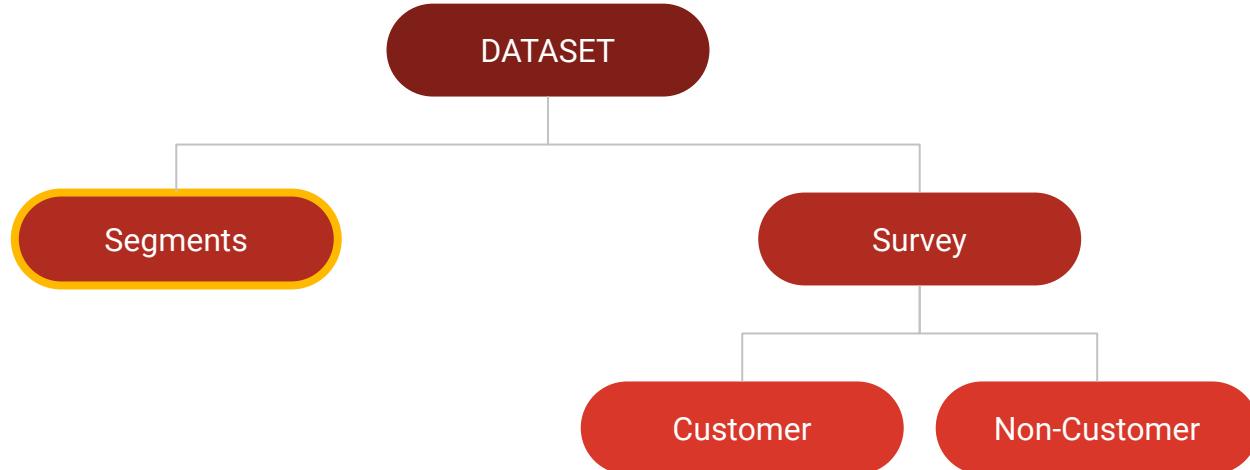
Top five restaurants you have visited in the last six months - Customer



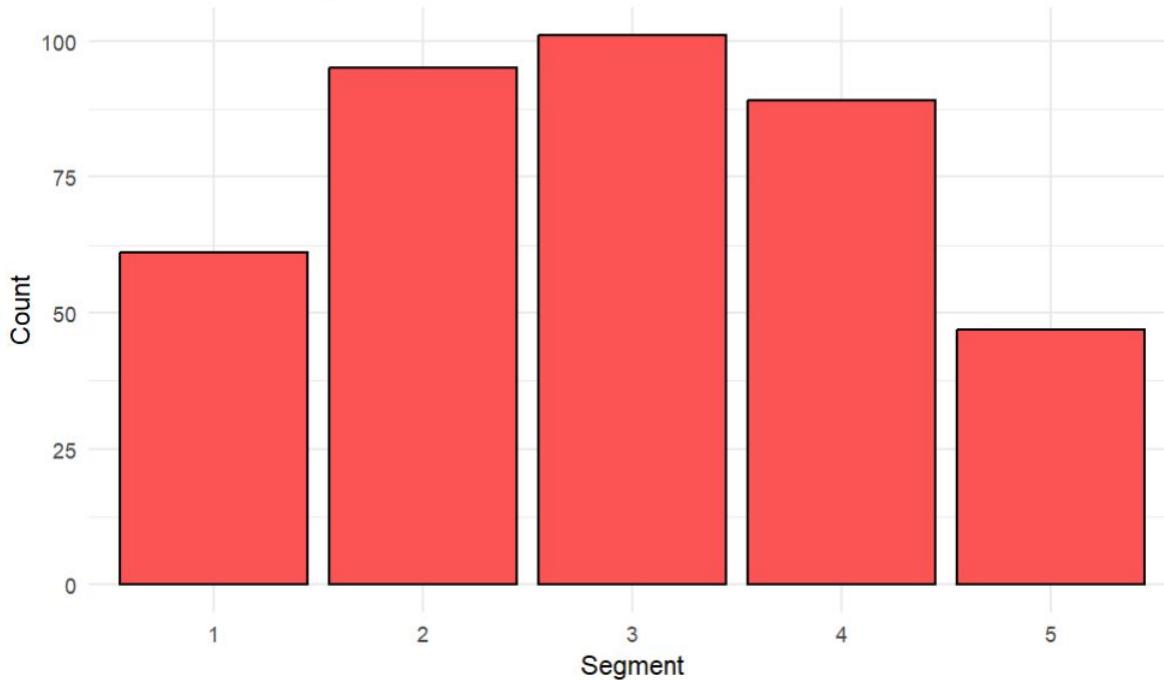
4. How many customer segments can you estimate from the survey data? What are the profiles of the customer segments?

5. Which customer segments should Sticks target?

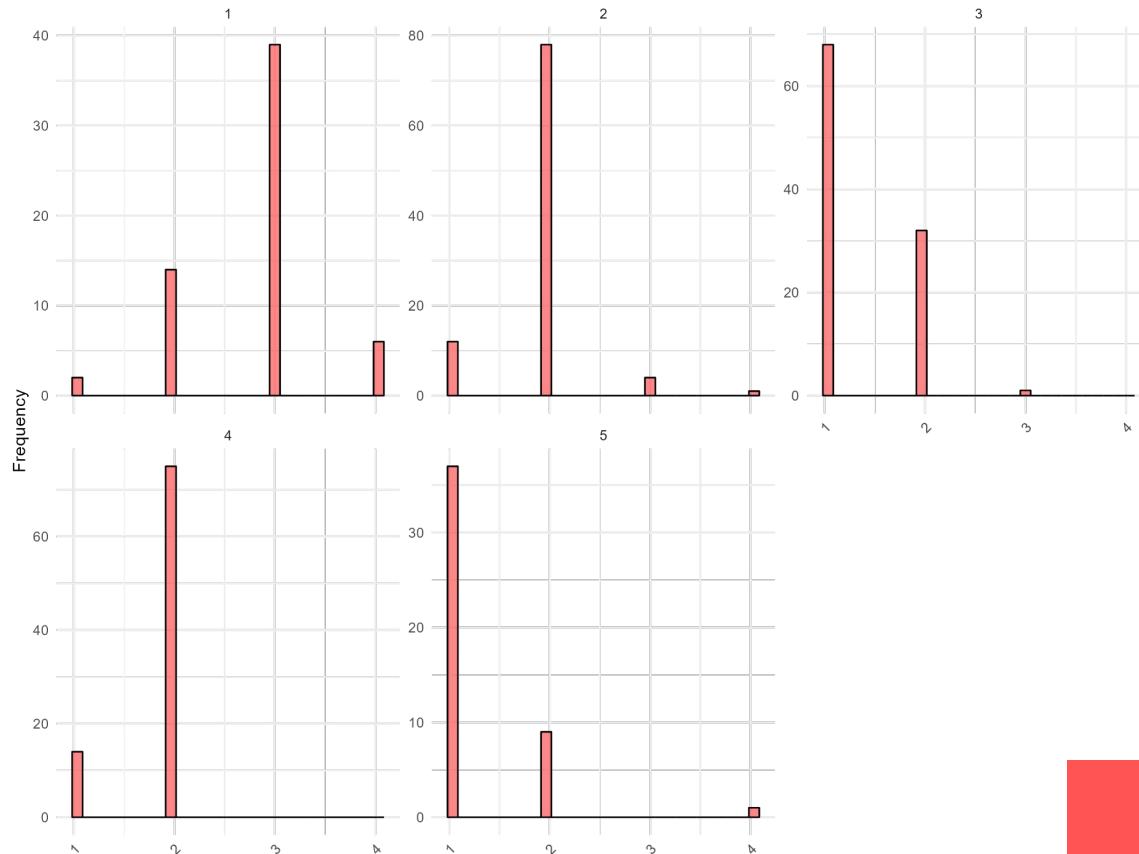
Datasets



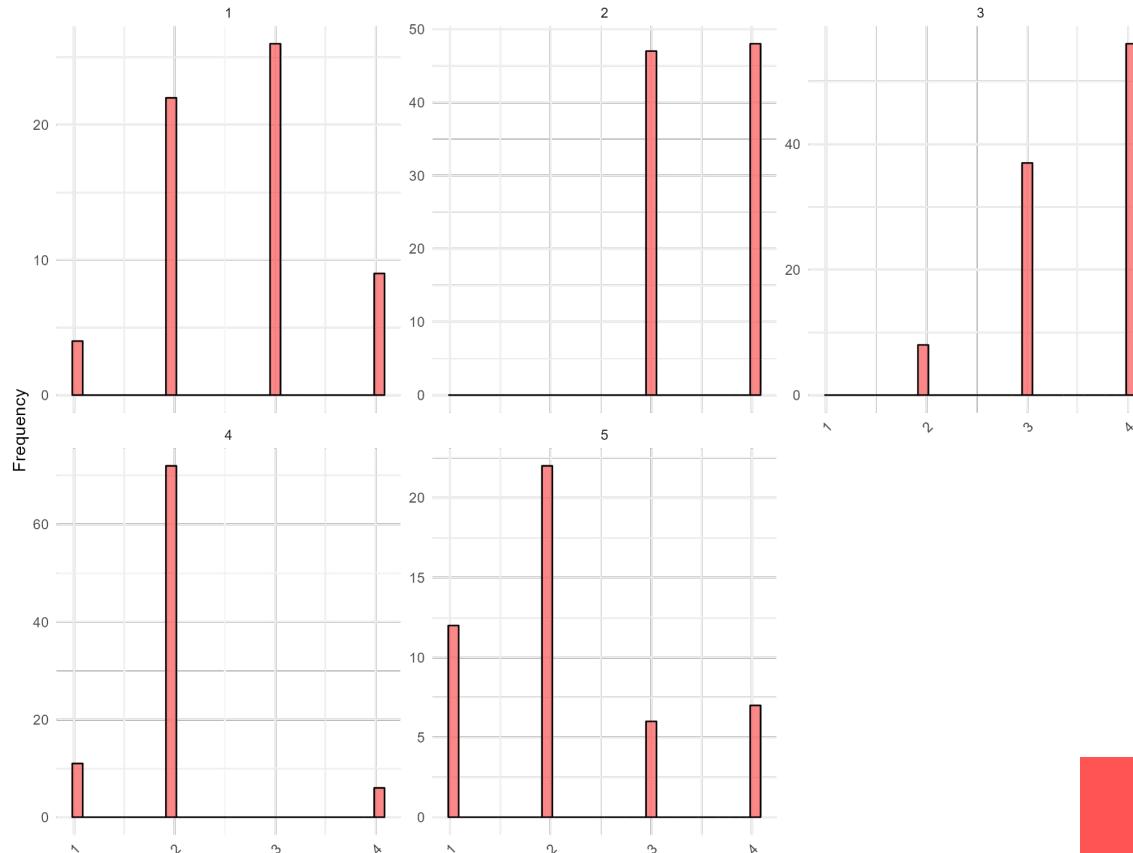
Distribution of Segments



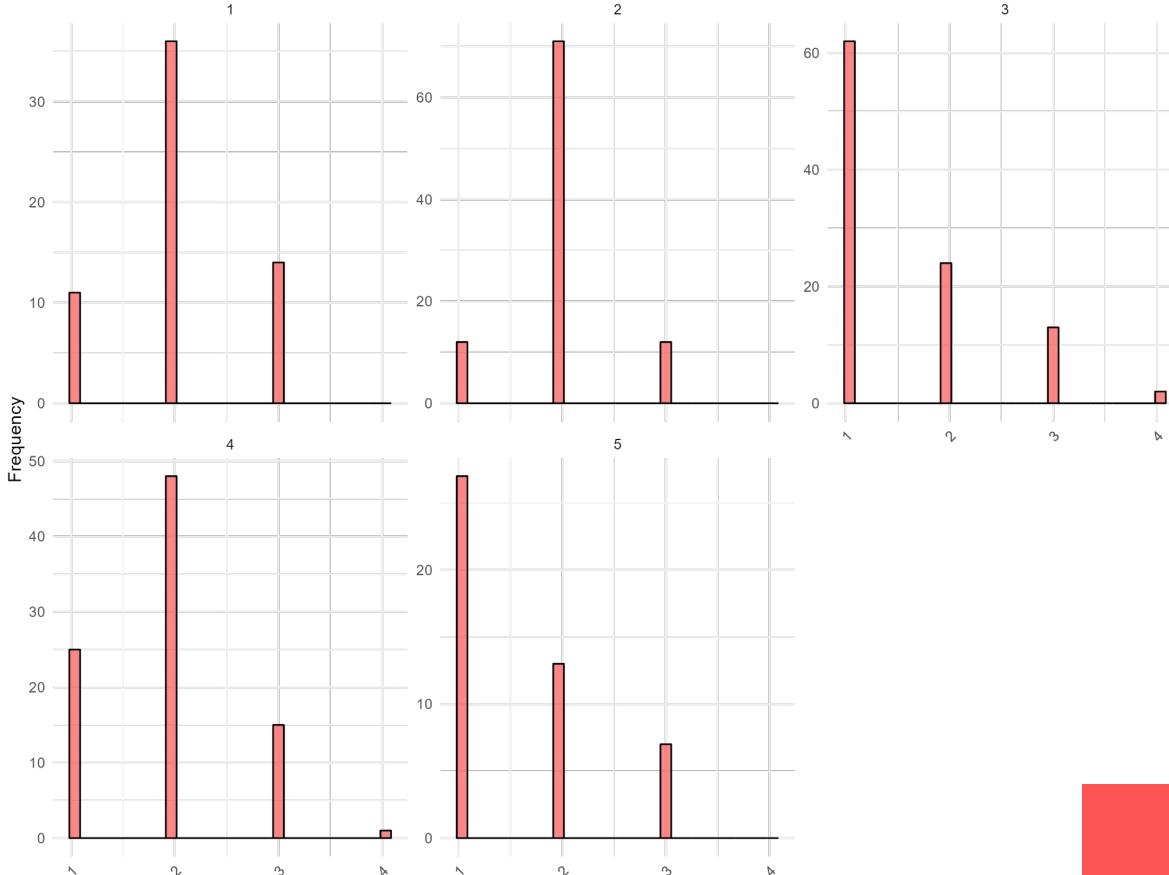
I consider health benefits by Segment



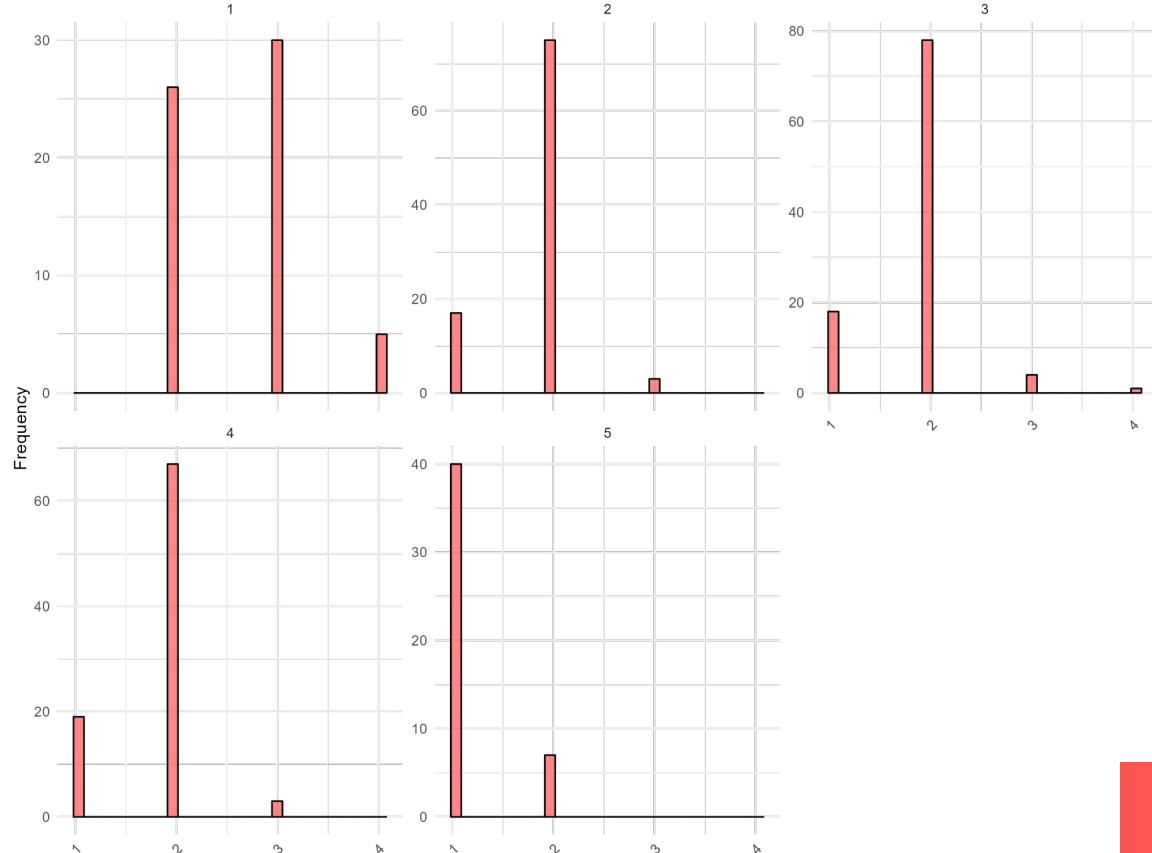
Trouble controlling spendings by Segment



Plan things very carefully by Segment



Products made locally by Segment



Segments



Highly health-conscious, values local products, and exhibits meticulous planning habits. Attracted to fresh and healthy food offerings.



Values planning and some degree of local product sourcing but less focused on the health aspects. Balance quality and convenience.



Less concerned with health and local products, possibly more driven by price and convenience.



Considerate of health, planning, and local products, but to a lesser degree than Segment 1. They might weigh various factors, including health and convenience.

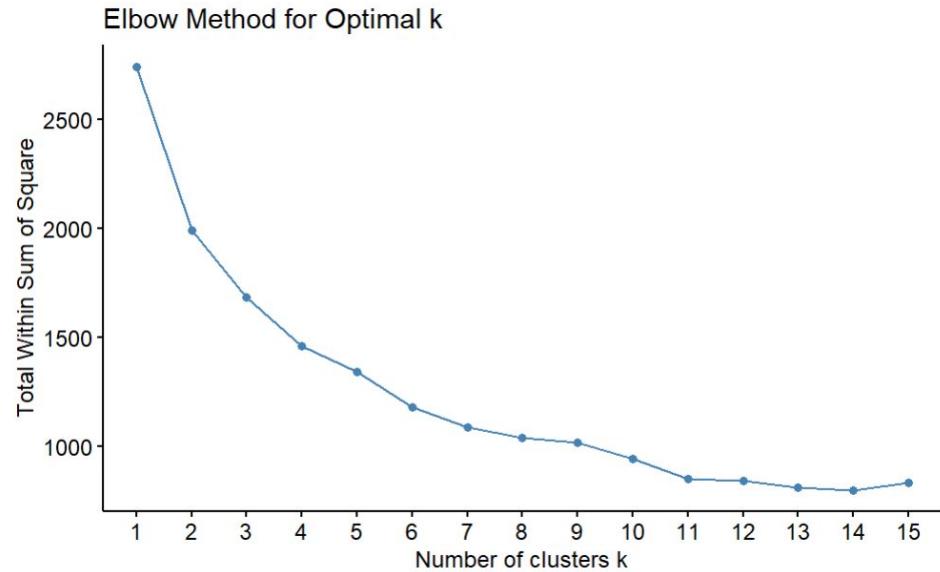


Least health-conscious and concerned with local sourcing, potentially the most price-sensitive. Promotions and the taste experience are likely key motivators

Elbow Method

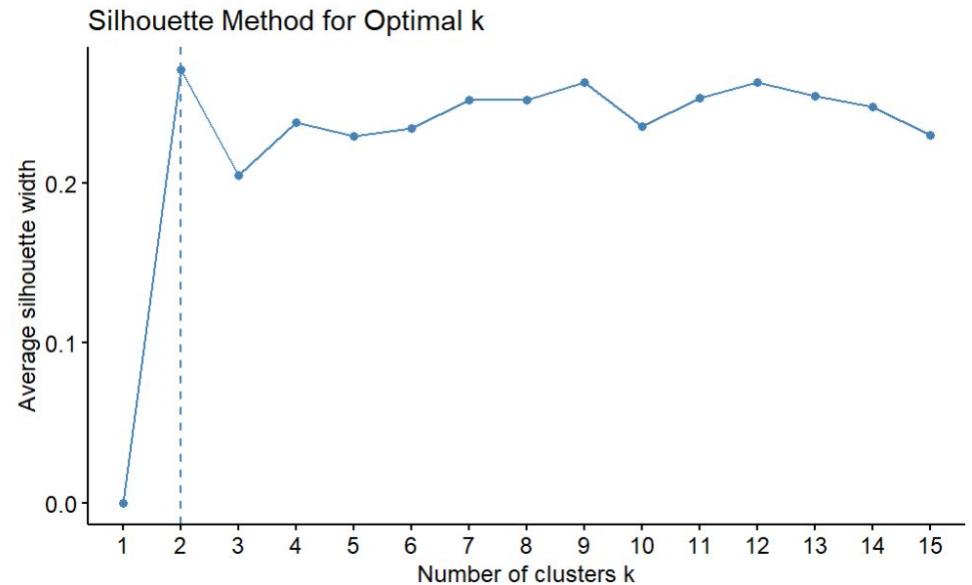
The optimal number of clusters k can be identified where the within-cluster sum of squares (WSS) begins to decrease at a slower rate.

Optimal number of clusters, $k = 3$ or 4

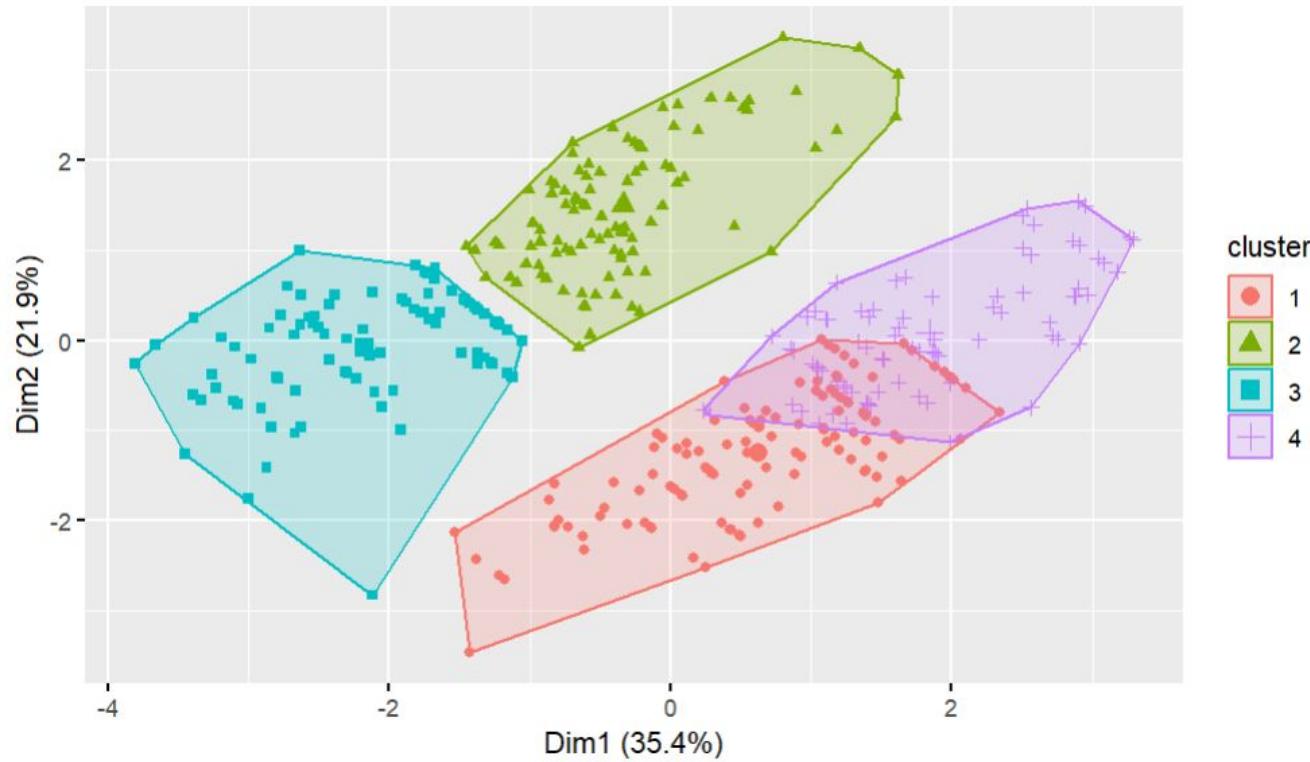


Silhouette Method

Optimal number of clusters, $k = 2$

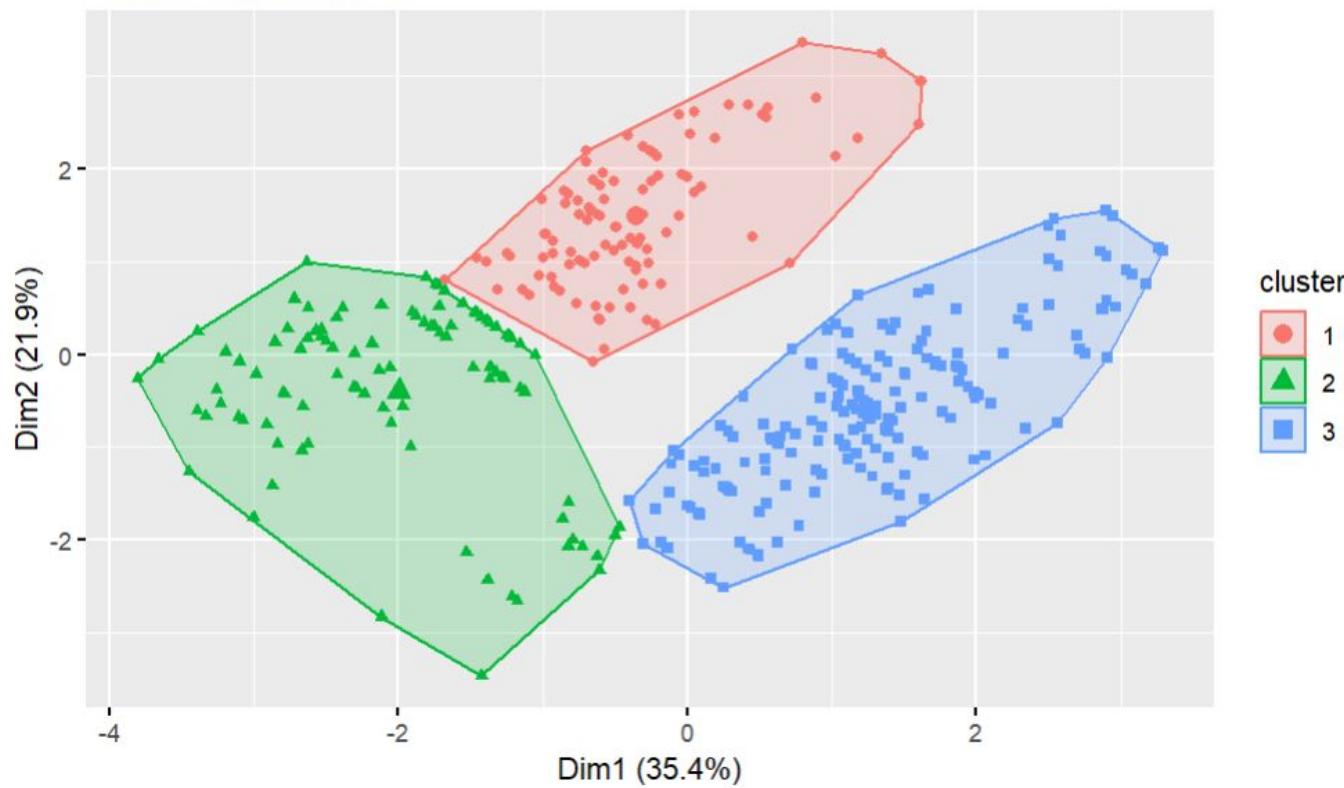


Cluster Visualization



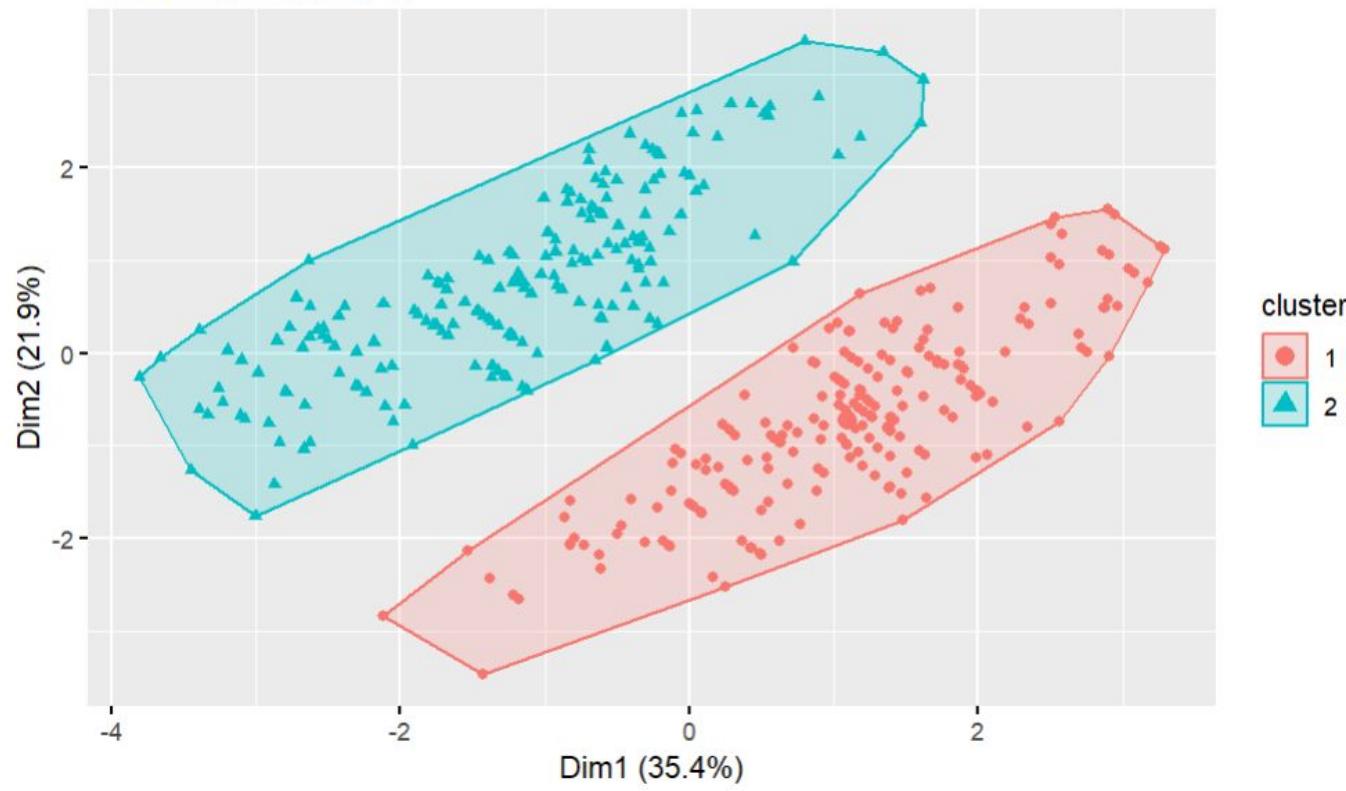
K = 4

Cluster Visualization



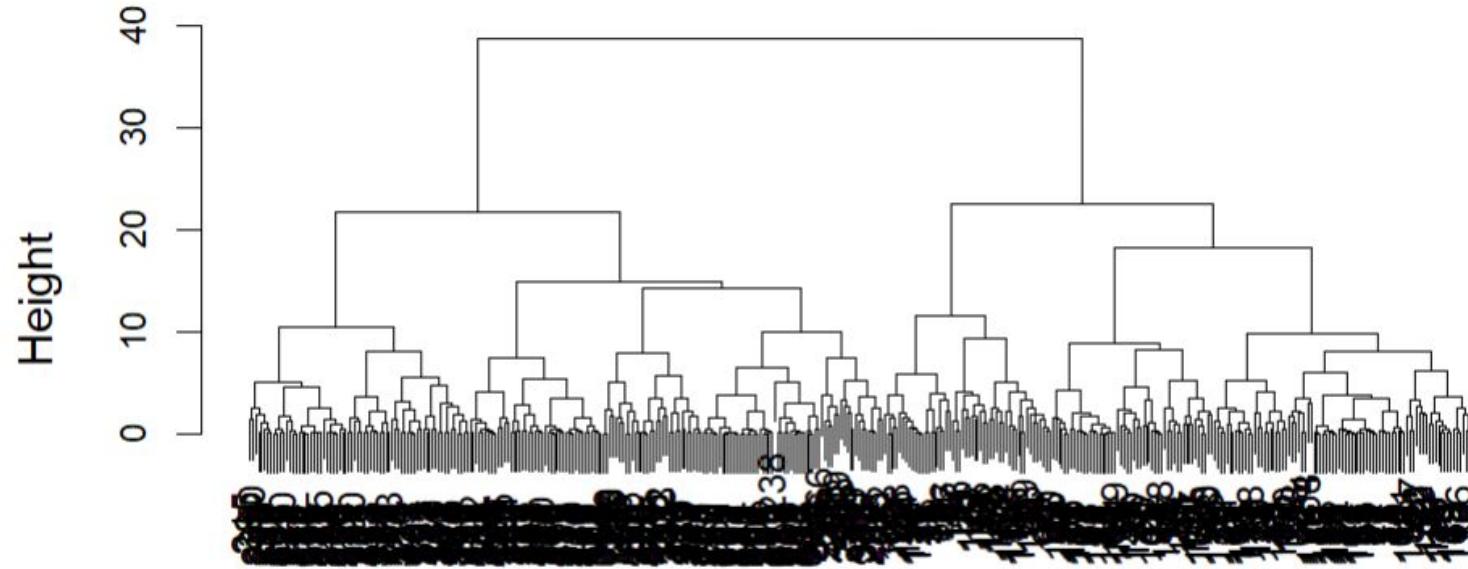
K = 3

Cluster Visualization



K = 2

Hierarchical Clustering Dendrogram



Customer Segment Clustering

Cluster 1

Has the highest scores for planning things carefully and for the importance of local products.

Is highly health-conscious based on their eating habits.

Shows moderate concern for controlling spending.

Cluster 2

Exhibits a decent level of planning and consideration of the health benefits.

Values local products, but slightly less so than Cluster 1.

Has a lower occurrence of trouble controlling spending, indicating a potential openness to spending a bit more on quality.

Cluster 3

This is the largest segment and seems to be less concerned with health and local sourcing.

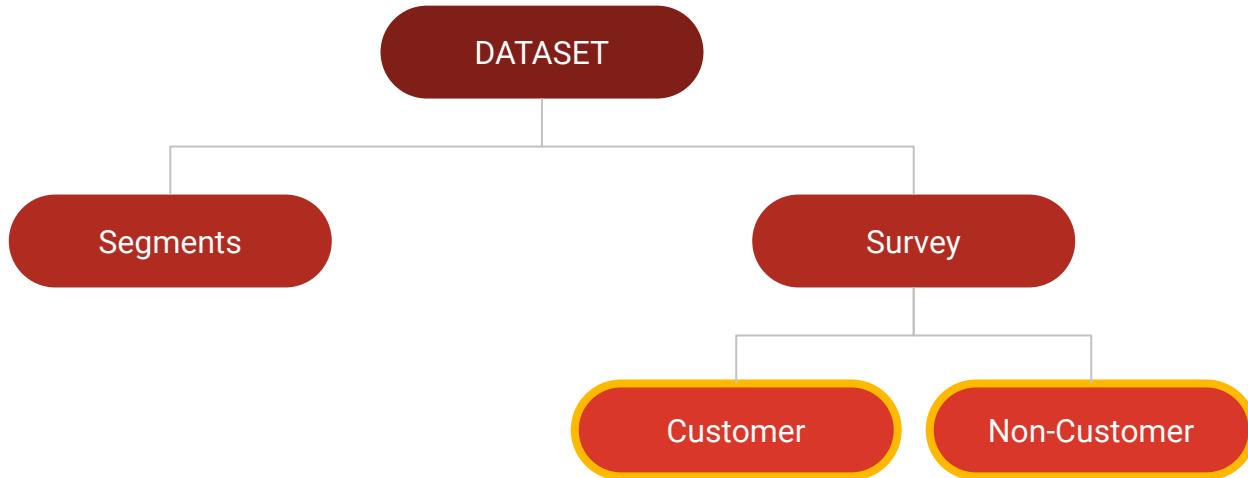
They exhibit some level of careful planning and have a high frequency of trouble controlling spending.

Targeting

Cluster 1: If Sticks Kebob Shop's goal is to capitalize on high-value customers willing to pay a premium for health-oriented and locally sourced food.

Cluster 3: If the goal is to maximize foot traffic and appeal to a broad customer base with a focus on volume sales.

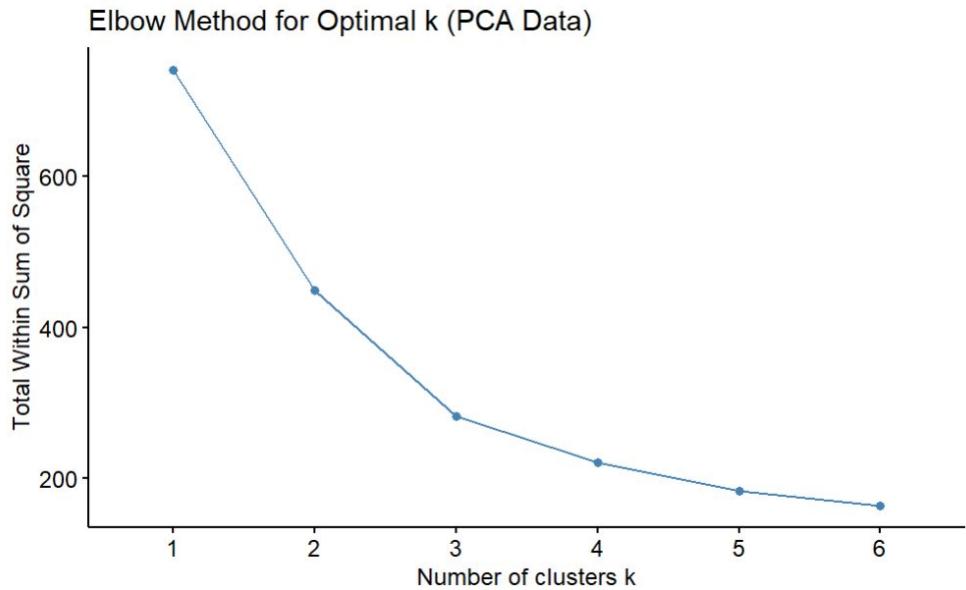
Datasets



Elbow Method

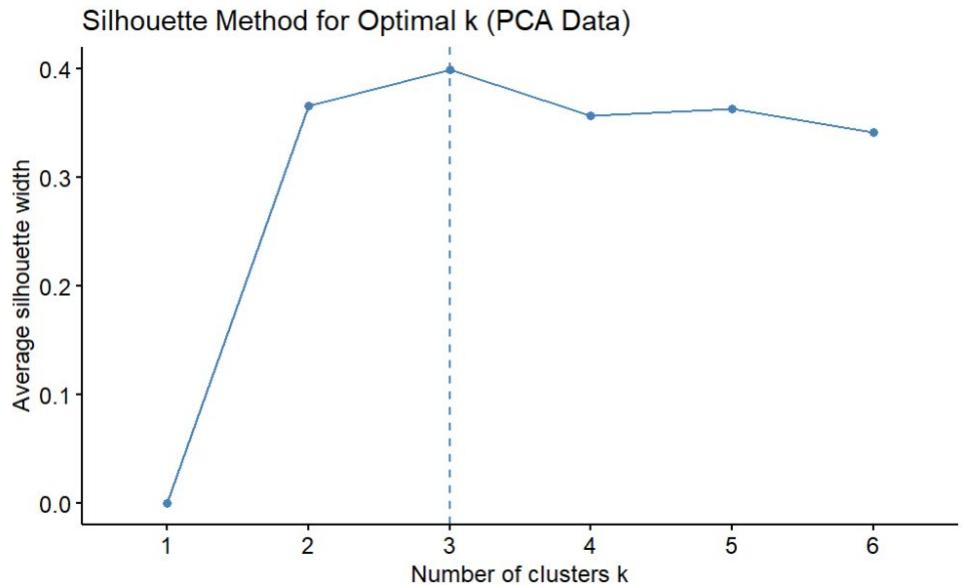
The optimal number of clusters k can be identified where the within-cluster sum of squares (WSS) begins to decrease at a slower rate.

Optimal number of clusters, $k = 3$ or $k = 4$

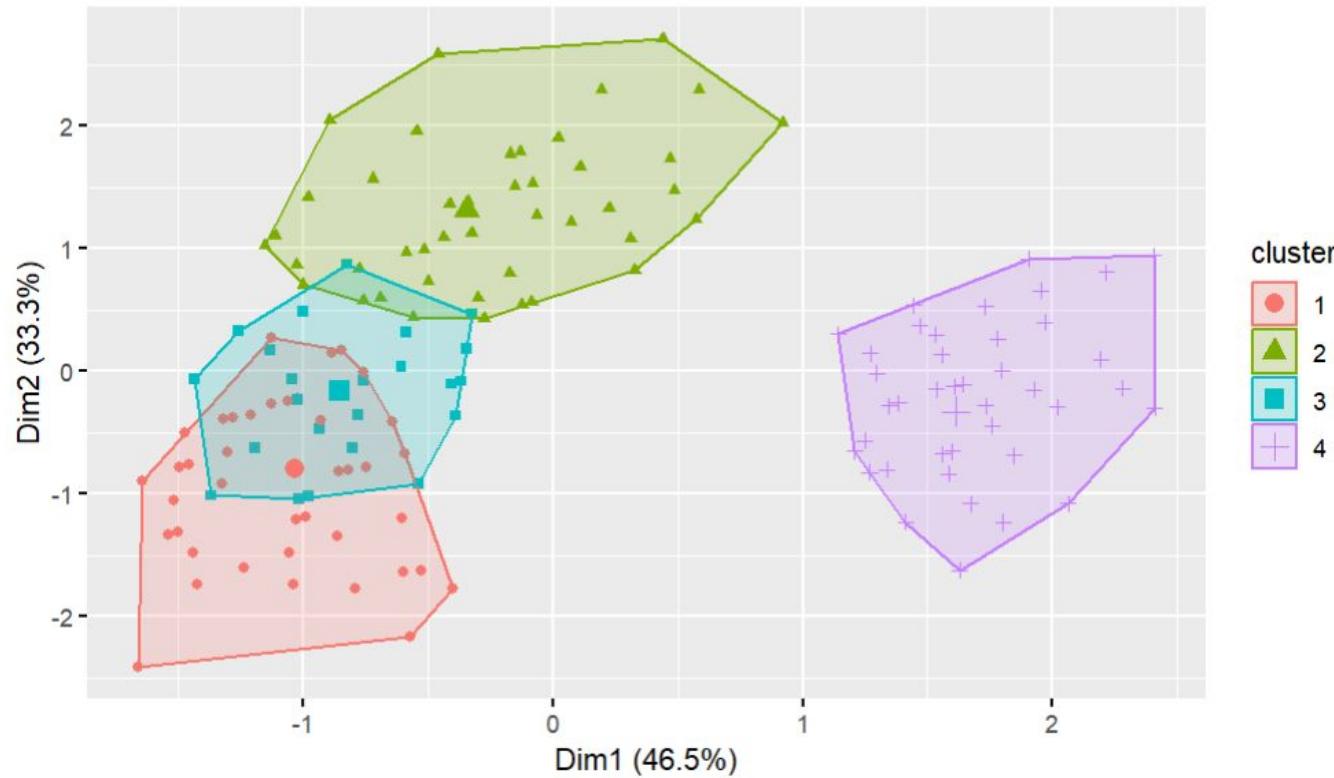


Silhouette Method

Optimal number of clusters, $k = 3$

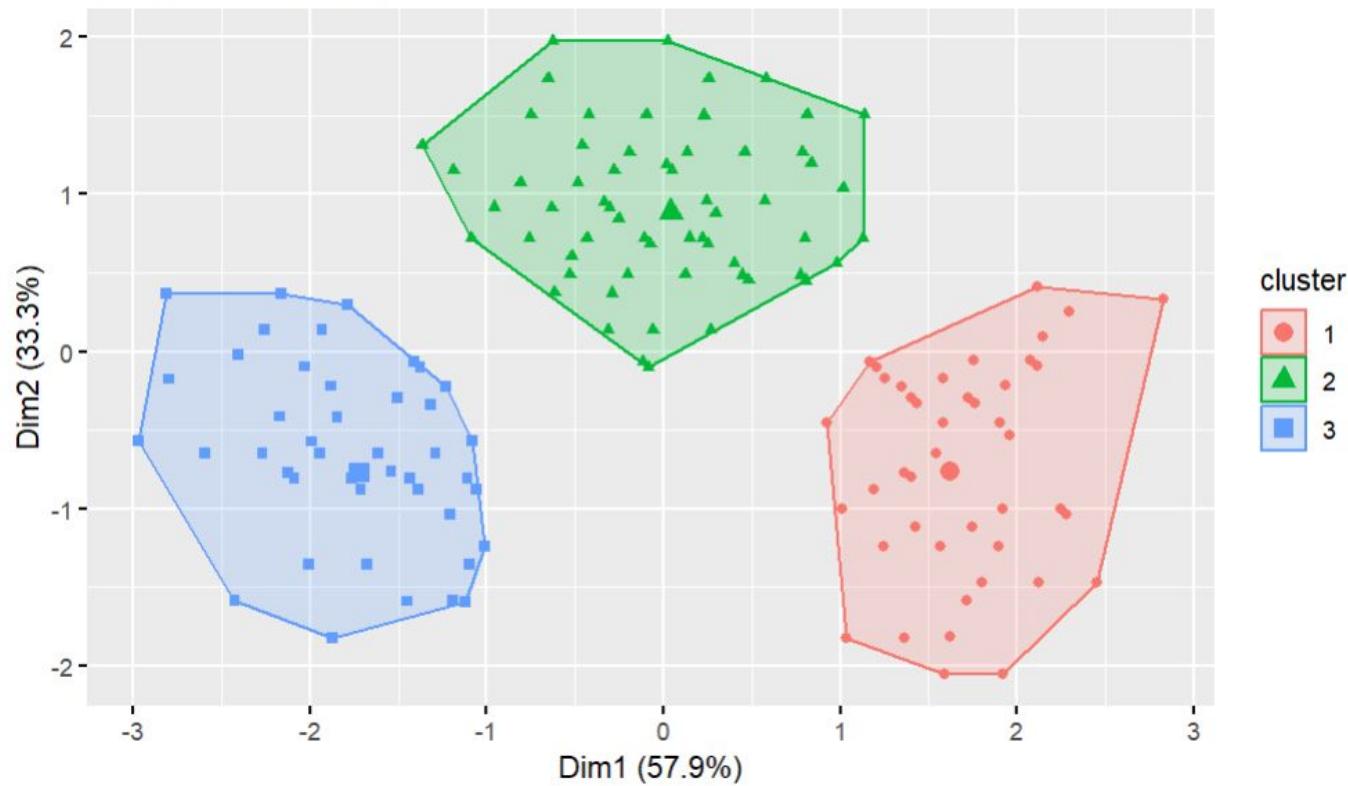


Cluster Visualization with PCA



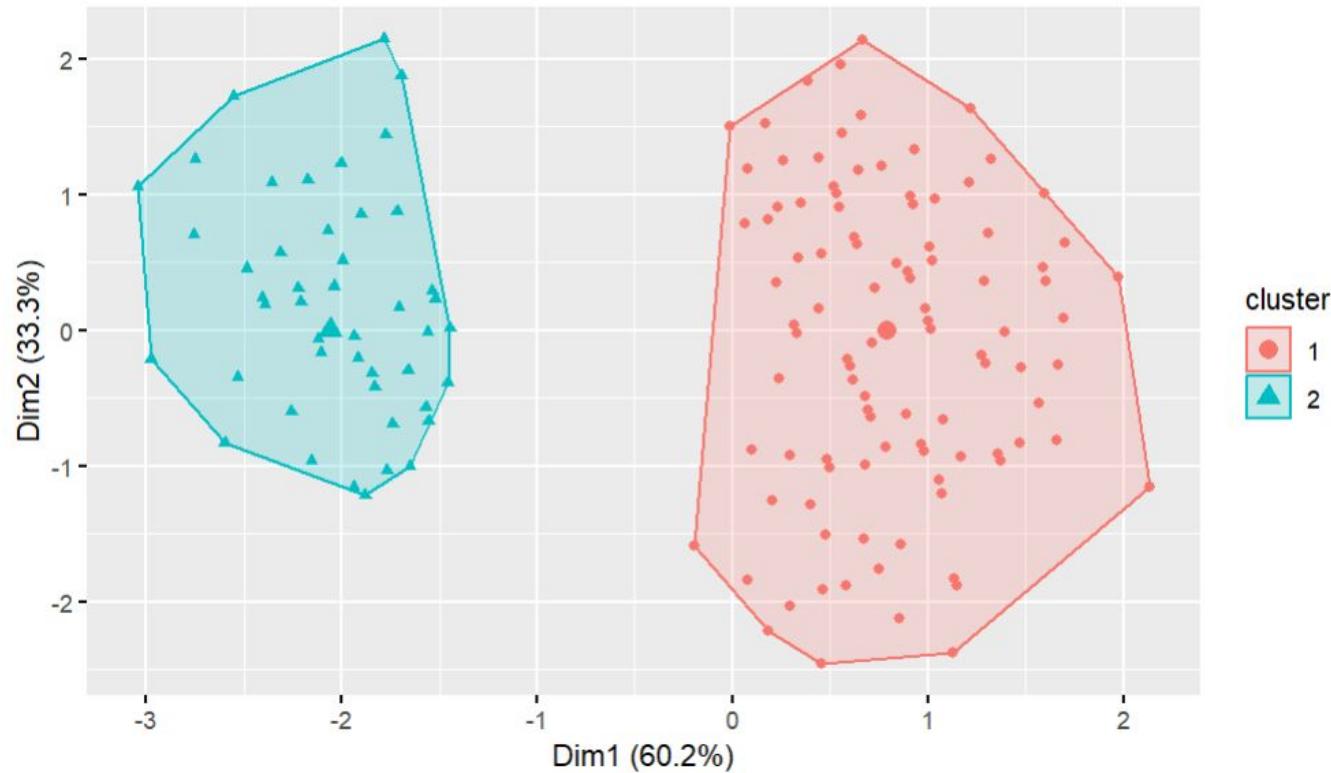
k=4

Cluster Visualization with PCA



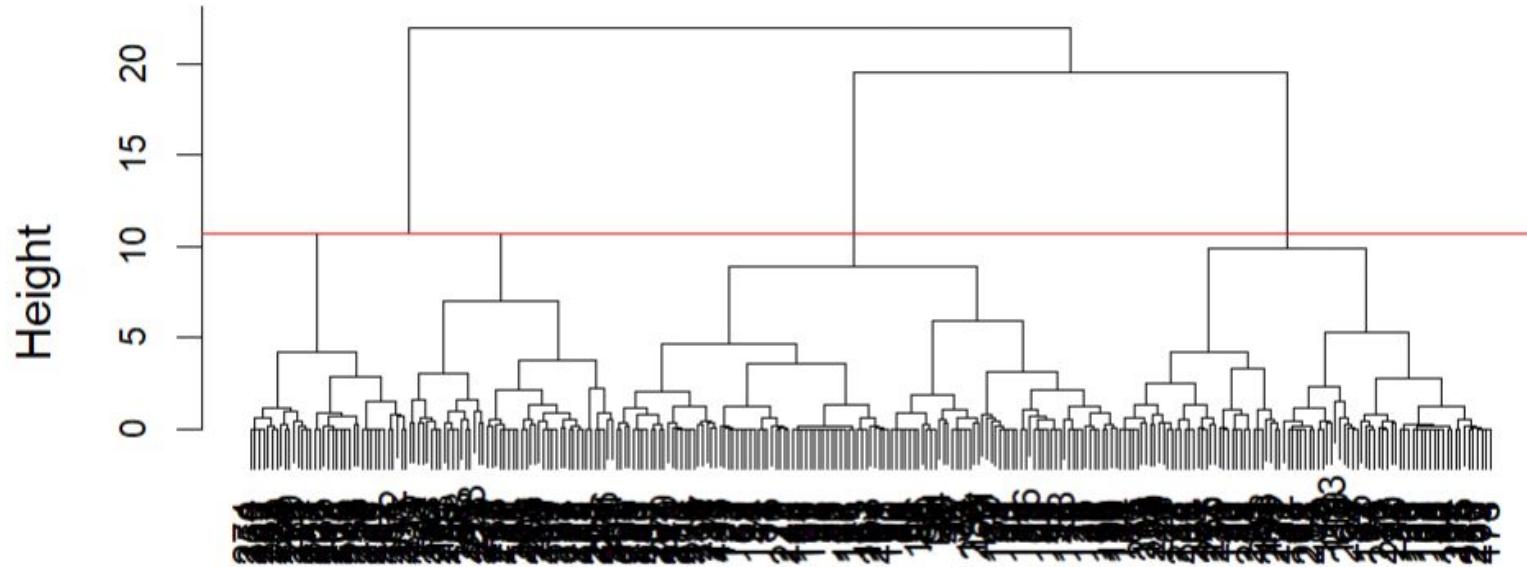
k=3

Cluster Visualization with PCA



k=2

Hierarchical Clustering Dendrogram



k=3

Combined Data Clustering

Cluster 1

Less likely to have visited Sticks Kebob Shop before

Younger and have a lower household income

Single-person households or smaller households

They use coupons less frequently

Cluster 2

Below-average likelihood of having visited the restaurant

Older and have a higher household income

May have larger households or traditional families

They use coupons moderately

Cluster 3

More likely to have visited Sticks Kebob Shop before

Middle age, and their household income is around average or above

Smaller household sizes and use coupons more frequently

Target Cluster 3

- This segment is already familiar with Sticks Kebob Shop and visits more frequently.
- They are responsive to coupons, suggesting promotions might be effective.
- Focusing marketing efforts on this group could increase their loyalty and frequency of visits.

7. Provide a recommendation for the location of the next Sticks restaurant based on the segmentation analysis and the demographic profiles of the locations in Figure 2



Strategic Location Options for Sticks Kebob Shop

Urban Business Districts: Place a Sticks Kebob Shop in an area with a high density of office buildings and professionals. Segment 1, being planners and health-conscious, may seek healthy lunch options that are convenient during their workday.

Suburban Family Communities: Choose locations in suburbs known for active lifestyles, with parks, schools, and family-oriented activities, Segment 3. Such areas may align well with the "soccer mom" demographic mentioned in the case study.

Affluent Neighborhoods: Higher-income areas might have residents who place a premium on health and local sourcing, aligning with the preferences of Segment 1.

Fitness Centers and Gyms: Given the health focus of Segment 1, placing Sticks Kebob Shops near gyms or fitness centers could capitalize on the post-workout crowd looking for healthy meal options.



Thank You!

