Customer Segmentation

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Problem Statement

Marketing would like to increase email campaign engagement by segmenting the customer-base using their buying habbits.

Solution Summary

The data Science team has identified 4 customer segments. The 4 customer segments were given descriptions based on the customer's top product purchases.

- 1. Segment 1 Preferences: Road Bikes, Below \$3200 (Economical Models)
- 2. Segment 2 Preferences: Mountain Bikes, Above \$3200 (Premium Models)
- 3. **Segment 3 Preferences:** Road Bikes, Above \$3200 (Premium Models)
- 4. Segment 4 Preferences: Both Road and Mountain Bikes, Below \$3200 (Economical Models)

Customer Preferences

Heat Map

Our customer-base consists of 30 bike shops. Several customers have purchasing perferences for Road or Mountain Bikes based on the proportion of bikes purchased by category_1 and category_2.

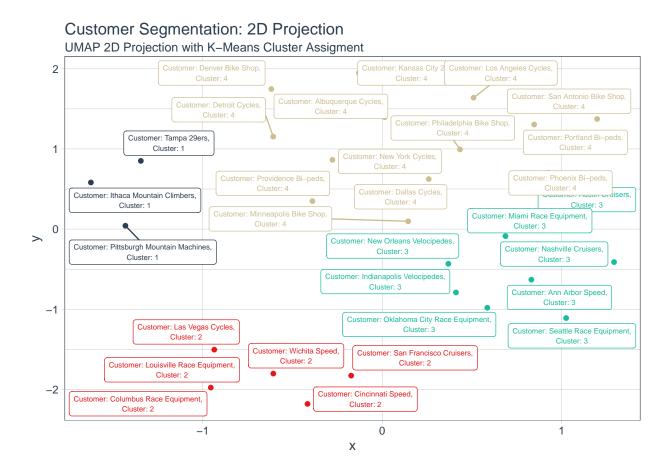
Heatmap of Purchasing Habits

		Mountain	Road
Customer	Albuquerque Cycles	6.783 22% 468 5% 454 5% 237 76% 28671	2.44755 24 .1258 7% .88112 4 /54545%
	Ann Arbor Speed	.3156 0% 644 5% 561 5% 412 0% 42869	6.6445237.04319273.588048780399%
	Austin Cruisers	3.5365 9%1 30 2% 325 2% 788 62% 04079	3.65854 37 .3983 7 7 <mark>3</mark> .91870 9 634959%
	Cincinnati Speed	5.345 27.2 557 5 %611 9 %672 6 %38119	6.13811 3 6.9462 92 6.78517 9 .46292%
	Columbus Race Equipment	8.0203 0 7614 8% 218 3% 5228 7% 61421%	4.56853 27 .6649 723 .85787 7 .86802%
	Dallas Cycles	7.521317.2282015780081558/280342224801719	4.70085 20 .9401 7% .37607 4 ⁄27350%
	Denver Bike Shop	3.859 129 379 0 2133982862 27 286180	3.65059 % .95046 % 77879 % .08561%
	Detroit Cycles	7.261900 % 920 6 %301 6% 23811%50794	6.34921 22 .4206 3% .65873 5 .55556%
	Indianapolis Velocipedes	0.3448 B2 539 2 2539 2 75 9875 275249	3.76176 3 7.6175 52 4.13793 5 695611%
	Ithaca Mountain Climbers	9.98418977866%61392623428%19620	1.89873 % .31329 8 .06962%.32278%
	Kansas City 29ers	5.8138298310899311145%076 06 %86229	3.08269 % 2.59003 % 44973 % .31317%
	Las Vegas Cycles	6.987 1089 615143%416 07.9 %807 4 9006419	4.16667 28 .6859 025 .16026 9 613462%
	Los Angeles Cycles	4.46542.201262232704/150942578629	3.4591224.383657.295607.23270%
	Louisville Race Equipment	4.683 5145 489 9 %139 2 22531 6% 3544%	3.54430 36.202532 %.26582 6 %58228%
	Miami Race Equipment	.5842 7 22640 2% 685 43 533 77 . % 2247%	7.86517 32.0224723 .45506 7 /58427%
	Minneapolis Bike Shop	7.6560 2 1.9309 6% 529 9 %412 5 4%15525	6.39269 2 8.7442 9% .04718 5 647945%
	Nashville Cruisers	.8265 9% 670 2% 231 2% 595 9% 24855%	6.64740 32 .6589 62 2.25434 7 651445%
	New Orleans Velocipedes	i.8478 0% 521 3% 695 9% 304 3% 2609%	6.41304 3 0.9782 625 .54348 9 623913%
	New York Cycles	9.0123355%8766%419753%123462%345689	3.95062 2 2.7160 5 %.27160 6 %17284%
	Oklahoma City Race Equipment	.3982 7 %3389 2% 974 0% 324 9%2 6407%	7.09957 3 8.0735 92 4.24242 6 675325%
	Philadelphia Bike Shop	6.734 6922 44 9% 469 43 %612 24% 3673	3.67347 2 6.265311%5.51020 9 679592%
	Phoenix Bi-peds	5.9971 8% 732 8% 901 132 %473 57 %44679°	5.28541 2 4.8463 7 7.19521 4 .79211%
	Pittsburgh Mountain Machines	9.44293.9%33023%793180,9%53325%649879	2.12202 % .46684 % 28382 % .30504%
	Portland Bi-peds	7.857114 % 633 5 %453 43 %043 42% 88820°	5.4347822.8260994.440995690062%
	Providence Bi-peds	3.4501 8% 070 7% 8800 9% 9631 0% 46863	2.58303 2 0.1107 02% .58672 5 35055%
	San Antonio Bike Shop	5.053 725% 505 4% 516112%903 23 %4086	2.15054 2 3.1182896.66667 8 606452%
	San Francisco Cruisers	0.427811.9695 2% 235 3 %3369 6% 17119	5.3475932.085562%.92513122.56684%
	Seattle Race Equipment	3.2500 0 %812 2 %437 5 %2500%71875	4.6875024.2187555.9375093.93750%
	Tampa 29ers	0.0 97029%12629 %417 42%62136% 4854	2.42718%.70874%.82524%.94175%
		6.568 053 668 6% 757 4% 9723 6 7%3373%	5.5226830.769232%.696257%49507%
		6.56805366863875743872387833739	5.5226830.769232.696257.49507%
	Cross Count	a co no	Cyclodos Line Road to Road Trainalor
	Cross		(Catagory 2)

Bike Type (Catogory 2)

Customer Segmentation

This is a @D Projection based on customer similarity that exposes 4 clusters, which are key segments in the customer base.



Customer Preferences By Segment

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