Marketing Analytics
Report

Customer Segmentation Analysis

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Project Overview

This project focuses on analyzing customer segmentation and performance data from a marketing campaign and departmental sales over time.

The analysis covers two main topics: campaign effectiveness and year-over-year department sales performance.

The goal is to understand customer behavior and provide insights for future marketing strategies and sales growth.

Marketing Campaign results

Calculated Metrics

1) Conversion Rate:

> For every user that has ever been part of the campaigns, we calculate how many of them did a purchase
>
> This will be our Success Metric

2) Total spent:

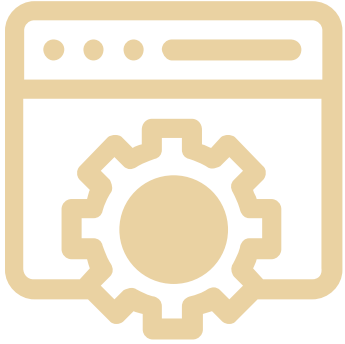> For every user that has ever been part of the campaigns,we calculate how much that user spent

A/B test: hypothesis

1) Hypothesis 1: users receive the promotional material A are more likely to purchase a product than users that doesn't receive the same material

2) Hypothesis 2: users receive the promotional material B are more likely to purchase a product than users that doesn't receive the same material

3) Hypothesis 3: users receive the promotional material A are more likely to purchase a product than users that receive the promotional material B
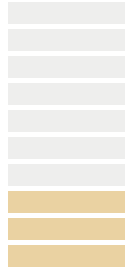
A/B test

- **110,000 records**

- **almost exactly proper split 50% between the 2 groups A, B**

- **10% hasn't received the communication (control group)**

Test 1 - Group: A
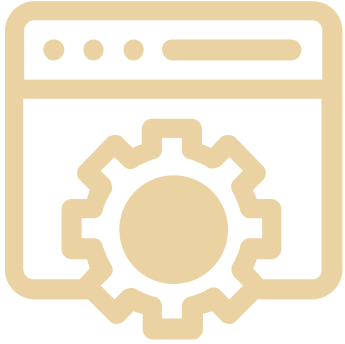
Control

customers were not contacted

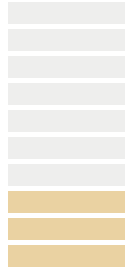**Variation A**

customer received A communication

Conversion

7.03%

Conversion

7.27%

Test 2 - Version: B

Control

customers were not contacted

Variation B

customer received B communication

Conversion

7.40%

Conversion

7.76%

Test 2 - Version: B
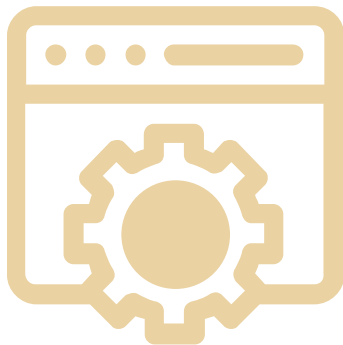
Control

customers were not contacted

Conversion

7.40%
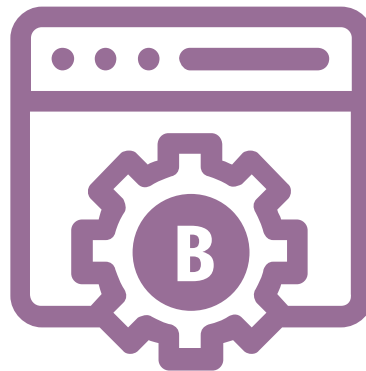
Variation B
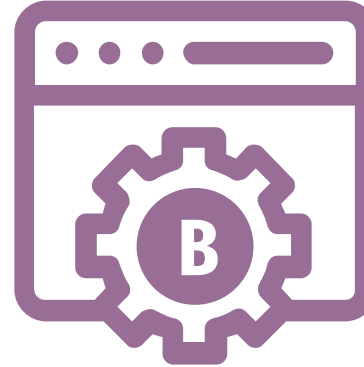
customer received B communication

Conversion

7.76%

The difference is not significant

Test 3: Version A x Version B

Variation A

customer received A
communication

Variation B

customer received B
communication

Conversion

7.25%
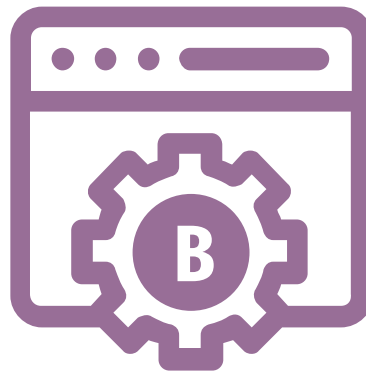
Conversion

7.72%

Test 3: Version A x Version B

Variation A

customer received A communication

Variation B

customer received B communication

Conversion

7.25%
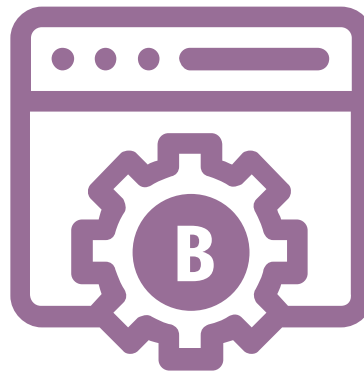
Conversion

7.72%

The difference is not significant!!

Overall, the users from Group A generated <u>better incremental results</u> than users from Group B

But we can not say that is because of the campaign

Version B performed better in some segments (better conversion rate)

Please join us for our first daily...

BOGO

Receive One product after paying full price!

SALE

Tampa Bay Igloo Company

Core Customers
New Customers

Improving future results

1) **We could try to test things individually**

   background color, text font, the text (CTA), things that are more aligned with our brand etc

2) **Talk to User Researchers who do qualitative data analysis and could guide us for future tests**

3) **It also might be important to look at other more granular metrics**

4) **It would be nice to have the data from before the test so we can see how the users used to behave without the tests**

DEPARTMENTS
analysis

Sales and customers by year

Customers

486,277

451,472

7,464,401

$

2,714,111

$

1999

2000
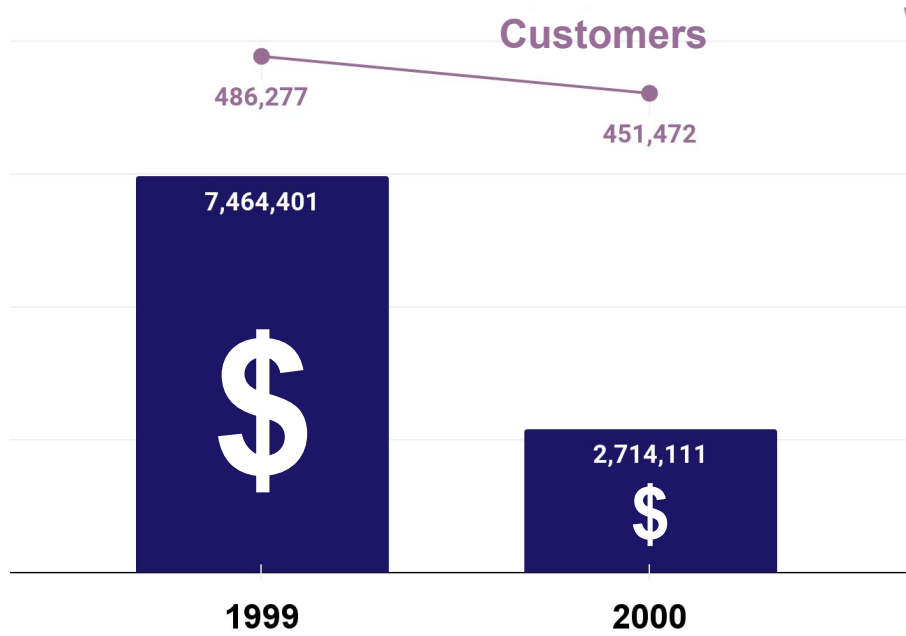
We are losing customers and <u>money</u>

$4,750k less than in 1999

• Decrease in **7%** of our customers

• Average ticket decreased from **$15.35** to **$6.01**

Department growth by year
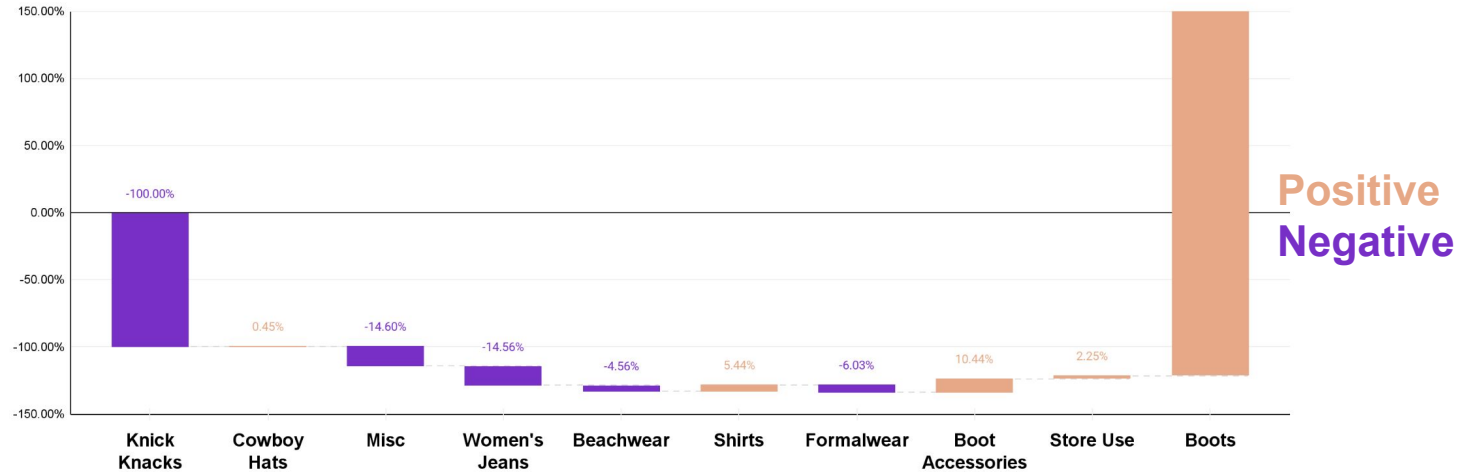
- Only 3 departments have grown, but the ones that have decreased are not going bad
- Our new department "Boots" has proved to be the most promising: it already represents 8% of the total revenue
- **Knick Knacks closed its activities in 1999, which was unfortunate because it represented 64% of your total revenue**
  - **It explains the drastic decrease of the average ticket**

Considerations of outliers

- **"Boots":**
  - **New department**

- **"Knick Knacks"**
  - **Closed operations**

- **These departments were treated as outliers for a cleared analysis of ongoing departmental performance and to highlight specific circumstances**

Average ticket per department
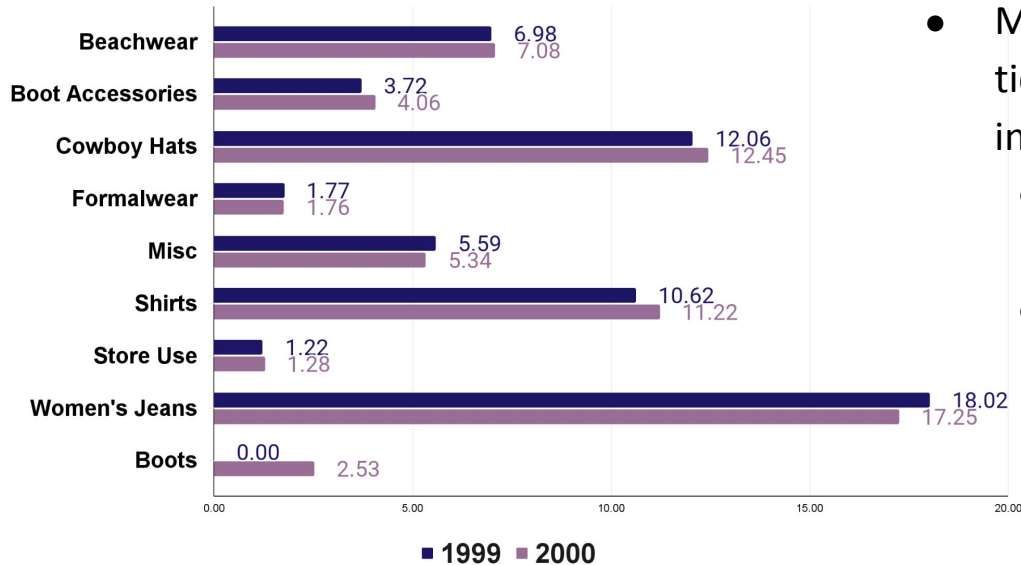
- Most departments showed consistent average ticket values from 1999 to 2000, with slight increases
  - However, "Misc" and "Women's jeans" had a slight decrease
  - "Boots" already has average ticket higher than "Formalwear" and "Store Use"

The "Knick Knacks" was excluded from this graph to ensure the analysis focuses on relevant and comparable data.

Average ticket per department

Chart: Average ticket per department (1999 vs 2000)

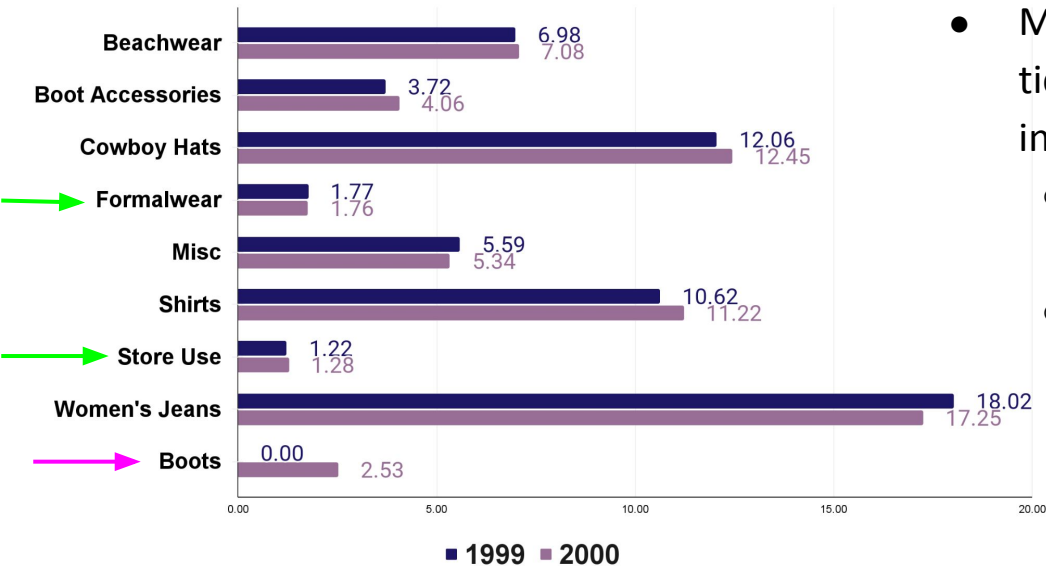| Department	1999	2000
Beachwear	6.98	7.08
Boot Accessories	3.72	4.06
Cowboy Hats	12.06	12.45
Formalwear →	1.77	1.76
Misc	5.59	5.34
Shirts	10.62	11.22
Store Use →	1.22	1.28
Women's Jeans	18.02	17.25
Boots →	0.00	2.53

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Segments

Total customers per segment - over the years 1999 and 2000

- Elite Customers
- New Customers
- Core Customers
- Infrequent Customers
- Power Shoppers
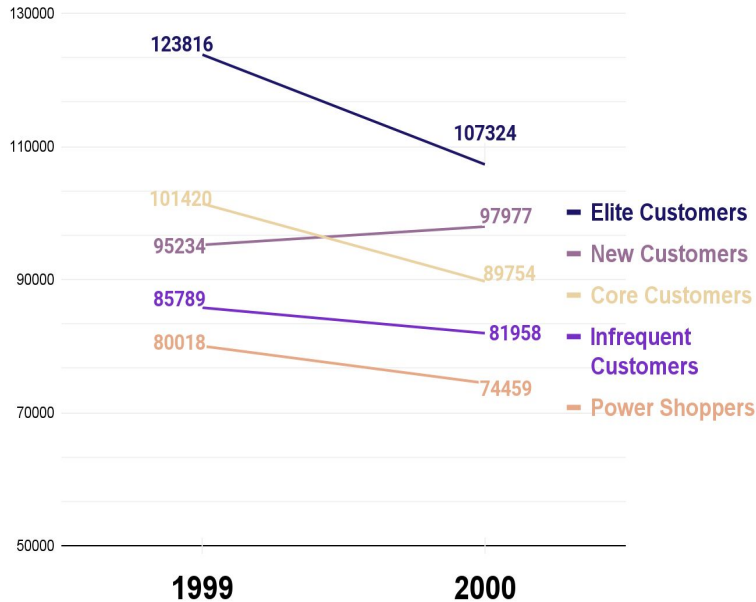
- All Segments have had a drop in **revenue** value
  - "Core customers" and "Power shoppers" have the most significant decreases

- The "New Customers" segment was the only one that did not show a decline in the **number of customers**
  - It means that we have good acquisition strategies!

DEPARTMENT
performance by Profile

Profiles contribution in sales
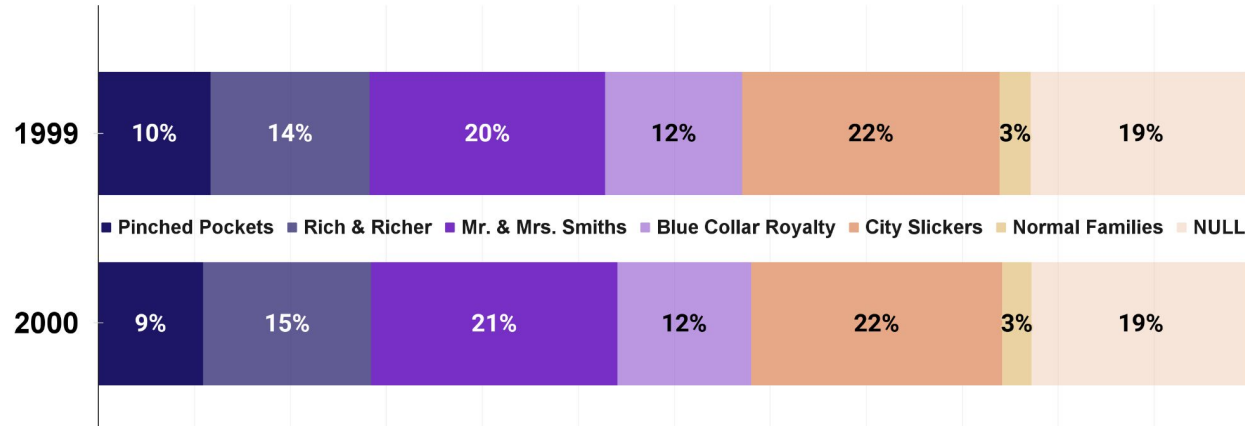
- Pinched Pockets and Rich & Richer's decreased might require targeted strategies to regain market share
- "Mr. & Mrs. Smiths" showed a slight increase in contribution
- The stability in contribution from the others Profiles suggests a consistent customer base and market share on this profiles

Profiles average ticket

1999 **2000**

	Blue Collar Royalty	City Slickers	Mr. & Mrs. Smiths	Normal Families	NULL	Pinched Pockets	Rich & Richer
1999	7	8	8	3	7	6	6
2000	7	7	8	3	7	6	7
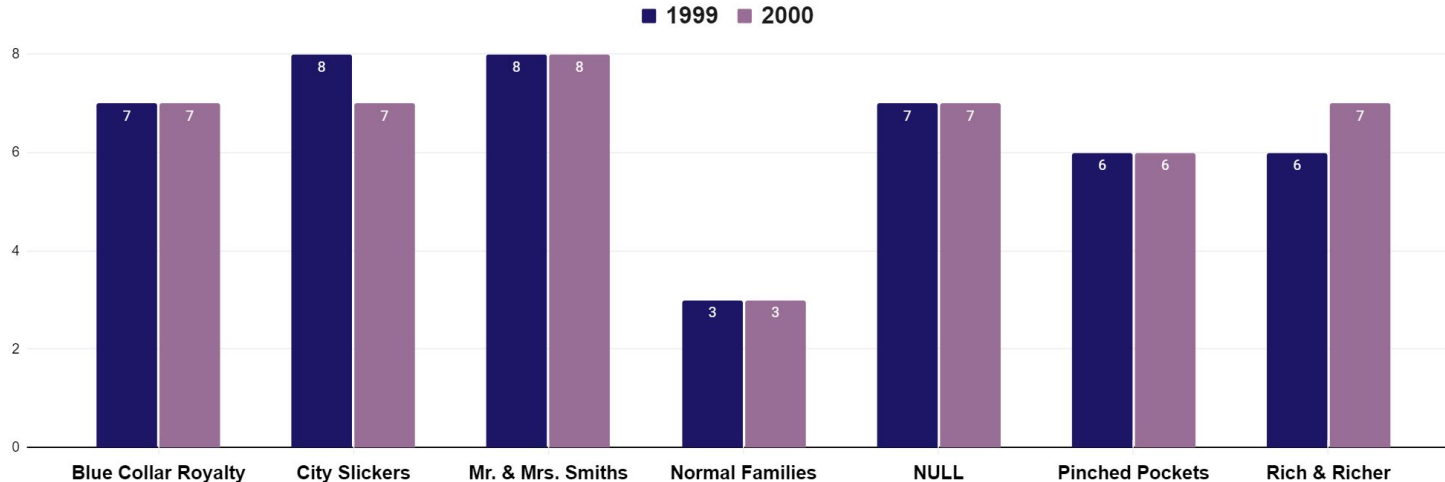
- All Profiles had a <u>60% decrease on average ticket,</u> because of the absence of "Knicks Knacks" departments. Without this department, the **<u>average ticket was stable for all of them</u>**
- All profiles have consistent spending patterns
- "Normal families" have the lowest average ticket value in all segments

FUTURE
actions

Future - marketing & sales overall

- Focus "New Customers" segment (they are 28% of our revenue)
  - And existing customer —it's more cost-effective

- Explore and promote other departments, like "Boots"

- Explore retargeting possibilities

- Evaluate Implementing a customer loyalty program

- Engage users or employees advocates to do UGC (user generated content)

- Listen to customers feedbacks

Future - data & analytics

- Comprehensive funnel data

- Reevaluate Profiles and Segments

- Sales cycle analysis
  - LTV (Lifetime Value) and MRR (Monthly Recurring Revenue).

- Analyze key financial metrics by channel, including:
  - CAC (Customer Acquisition Cost): Understand the actual cost of each channel
  - ROI (Return on Investment): Identify the channels generating the most revenue
  - CPC, CPL, CPS

- Alignment with expectations

Thank you

Laura Vieira

SENIOR CUSTOMER DATA ANALYST

Appendix

Deep analysis

DEPARTMENTS, SEGMENTS, PROFILES

DEPARTMENT
Performance by Segment

New Customers

- "New Customers" segment has **higher average ticket values** <u>for all departments</u>, except for "Boots"
  - After closing the Knick Knacks department, "Cowboy Hats" represents 40% of total sales in this segment on 2000

- Opportunities
  - Keep doing our acquisition strategies
  - Attract initial interest in the uniqueness of cowboy hats
  - Try new strategies to increase average ticket on "Boots" by actively promote it to them

Elite Customers and Core Customers

- "Elite customers" and "Core customers" also have higher and consistent values for all departments
  - Both of these segments spent around 3x more money in every department in 2000
  - The "Boots" department already represents from 9 to 10% of its sales values

- Opportunities
  - Recognize them as VIP customers and create loyalty programs, exclusive offers or even exclusive events
  - Encourage them to refer their friends and family by a referral program

Power Shoppers

- The "Power Shopper" segment, despite the label, showed the **lower average ticket values** for all departments
  - It is the smaller segment, both in sales values and customers counts
  - Most consistent and moderate segment: our loyal customers

- Opportunities
  - Create target promotions focussed in increase their average ticket values
  - Reevaluate and refine or customer augmentation: maybe Power Shoppers have changed their spending behaviors
  - Explore upselling strategies

Infrequent Customers

- "Infrequent customers" segment have increased their spendings in lower priced products as "Shirts" and "Boot Accessories" departments
    - They might have been doing sporadic purchase based on their needs or responding to promotions

- Opportunities:
    - Try to engage this segment by promotions and events
    - Request feedbacks about their experiences and preferences
    - Try cross-selling:
        - "Boots" with "Boot Accessories": recommend complementary items (Boots!) based on their past purchases (Boot Accessories!))

DEPARTMENT performance by Profile

Normal Families

- This Profile have the lowest average ticket value in all departments
- They might be more price-sensitive so their purchase might be more conscious
- They had interest in Knicks Knacks department

- Opportunities:
  - Create family-oriented content and promotions for them (maybe focus in practical solutions)
  - Show them our more durable products and also products similar to Knicks Knacks departments

Blue Collar Royalty, City Slickers and "Null"

- The average ticket <u>decreased</u> for all these departments, except "Boots Accessories" and "Shirts", meaning they are interested in fashion

- Opportunities:
  - Show them durable and long-term products
  - Promote "Boots" department as a cross-selling option
  - Utilize influencers and fashion bloggers to engage them

Pinched Pockets, Rich & Richer and Mr. & Mrs Smith

- These profiles <u>increased</u> their average ticket value in all departments, except "Misc" and "Women's Jeans"
- They are more sophisticated customers and might be other shared interests

- Opportunities:
  - Try to show them eco-friendly and sustainable products
  - Promove exclusive promotions and events