

# Customer Segmentation Analysis Report

## Introduction

This report presents the outcome of a customer segmentation analysis performed using clustering techniques on customer data, with features such as minutes watched, customer lifetime value (CLV), and region of origin. The objective is to identify distinct customer segments and derive actionable marketing strategies.

## Segmentation Overview

The analysis resulted in eight unique segments. Each segment was characterized based on region, acquisition channel, engagement (minutes watched), and CLV.

The columns of the regions are renamed for better readability, here is the original mapping:

1. Anglo-Saxon - USA, Canada, United Kingdom, Australia
2. WE - Western Europe
3. World - Rest of the world

Below is a summary of the segments:

- 1. Segment 0 – Instagram Explorers (289 Observations):** These customers are from all regions, with a slightly larger group from the rest of the world. They discovered the platform through Instagram and have a relatively moderate level of engagement and expenditure.
- 2. Segment 1 – LinkedIn Networkers (391 Observations):** This segment consists entirely of customers from the rest of the world who have heard about the platform via LinkedIn. They have a high level of engagement but slightly lower spending.

- 3. Segment 2 – Friends' Influence (424 Observations):** This group primarily comprises customers from the rest of the world who discovered the platform through friends. They have high engagement and moderate spending.
- 4. Segment 3 – Google-YouTube Mix (939 Observations):** These customers from the rest of the world discovered the platform via a mix of Google and YouTube. They have very high engagement and moderate spending.
- 5. Segment 4 – Anglo-Saxon Multi-Channel (1055 Observations):** This segment includes customers from the US, Canada, The UK, and Australia who discovered the platform through a mix of Google, YouTube, and LinkedIn. They have high engagement and higher-than-average spending.
- 6. Segment 5 – European Multi-Channel (372 Observations):** These customers are from Western Europe and heard about the platform from various sources, including Google, YouTube, LinkedIn, and friends. They have high engagement and the highest spending level.
- 7. Segment 6 – Twitter Devotees (58 Observations):** This small group of customers discovered the platform via Twitter. They're from all regions, with a majority from the rest of the world. They have the lowest engagement but moderate spending.
- 8. Segment 7 – Facebook Followers (306 Observations):** This group mainly heard about the platform from Facebook. They are from all regions but predominantly from the rest of the world. They have the highest level of engagement and moderate spending.

## Marketing Recommendations

**Segments:** First, we'll focus on the smallest segment, **Twitter Devotees**, with only 58 observations. Based on the characteristics of the cluster, we conclude that our efforts on Twitter bear little fruit. Our suggestion would be to reduce spending there to a minimum. And invest little resources to upload content to the platform because the results are unsatisfactory—perhaps due to the turmoil of the platform in recent months. We suggest marketing become an early adopter of a new competitor platform, such as Threads.

Next, let's examine those who frequent **Facebook**. Although they're not the most significant segment—close to 8% of all customers, with average spending in the lower half compared to the rest—the Facebook group is the most dedicated to learning. Their average watch time is over an impressive 2,700 minutes.

In terms of countries, it's a mixed bag, with a little under a third from the US, Canada, or United Kingdom and over 60% from the rest of the world. It would be worth exploring how these students interact with the platform and why their group is more motivated to study. But this would be the focus of a different analysis on engagement.

**Performance by region:** Now, let's turn to a critical aspect of marketing: performance by region. Overall, the Anglo-Saxon channel has the best performance. Customers from the USA, Canada, The UK, and Australia make up the largest customer segment from that region. And the **Google-YouTube Mix** has the second largest segment, with over 900 customers from that region. The second largest area is the rest of the world. The fewest customers are from Western Europe. Considering our initial hypothesis of exact spending for all three regions, we conclude that Western Europe's marketing efforts are insufficient. At the same time, we observe that this segment has the highest CLV, so addressing this region and improving performance is crucial.

**CLV:** Let's also address the spending in various regions of the countries because this is crucial to marketing. The two highest-paying clusters are the Anglo-Saxon Multichannel and the European Multichannel. The European countries top the list of spending. When we look at the channels—through which these two segments come to the platform—we see a mix between Google, YouTube, and LinkedIn.

Based on that information, we advise marketing to focus on these acquisition channels for these regions and increase spending. This would be worthwhile because the CLV of these customers is the highest across our customer segments—meaning they are worth pursuing.

And what about the remaining regions and their channel of acquisition?

For the rest of the world, LinkedIn is the most successful channel in terms of conversion, followed by Facebook, which is why it should be the primary source for attracting customers from these regions. LinkedIn is a platform that provides excellent organic reach. Our content there is very popular; many students share their certificates and spread the word organically.

