



Segmenting the Market: Accounting for Shifting Consumer Preferences and Tastes

Dr. James Lani, Ph.D.
Hugo A. St. John III

LensCrafters faced a proliferation of shifting consumer preferences because its customer mix had changed significantly over the past 15 years. Fortunately, their stores kept well-documented, transactional sales data that tracked specific sales metrics (e.g., price, style, size, location of stores, etc.) as well as consumer demographic data (e.g., gender, age, price sensitivity [multiple purchases], etc.).

Still, **LensCrafters** did not have a clear sense of how to use their data to create a baseline understanding of who their key customer segments were and how to activate them.

Approach

Working closely with the client team, we reviewed all variables and created various hypotheses regarding which variables were of relatively more importance than others. Starting with this a priori knowledge, the team settled upon conducting a customer segmentation analysis since it would provide highly-actionable, data-driven insights that would then form the basis for targeted marketing campaigns aimed at increasing profitability.

So, after scrubbing the data and ensuring a high level of fidelity, **Statistics Solutions** conducted a principal components analysis (PCA) to identify which variables most contributed to the separation among data. The client team then vetted this list of variables.

Ultimately, we ended up with a final set that combined some of the PCA's findings with some variables based on the client team's experience in the industry.

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To find out more about how our strategy team can assist you with unpacking and solving your most pressing problems, contact us today.

Hugo A. St. John III
VP, Strategy & Business
Development

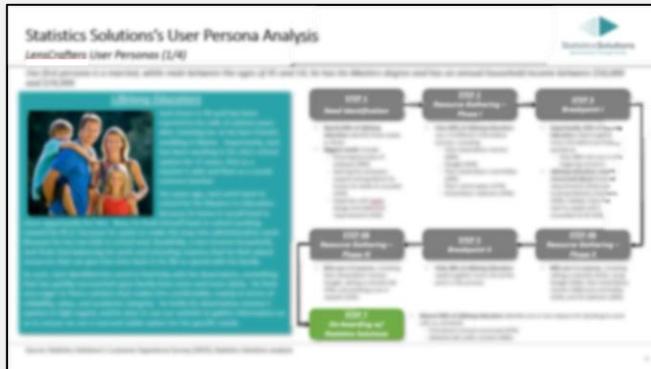
hugo@statisticsolutions.com
Office: 727-754-7601

Statistics Solutions
1825 Sunset Point Road
Clearwater, FL 33765

Recommendations

After conducting a k-means clustering analysis with this final set of variables, we were able to identify three distinct groups, or segments. Our team then created customer segment profiles based on this information that track certain decision points.

Interestingly, these profiles provided a high-level view regarding who key customers are and what they “look like” and prefer. We were also able to look into store demographic data and begin highlighting which stores were highly likely misaligned with their customer set given how the store was set up.



Results

As a result of our analysis and recommendations, the client team was able to create new, targeted marketing initiatives with tailored messaging that hit certain “activators” for its most profitable customer segments, driving an average increase in sales of 12% across these segments.

Additionally, management now understood how its key customer segments interact with different types of stores, affording them the opportunity to restructure specific stores to better serve its particular, local customer population.

About Statistics Solutions

Statistics Solutions is a consulting firm headquartered in Clearwater, FL. It specializes in experimental study design and execution, with core competencies in quantitative and qualitative data collection methods, as well as data analysis, interpretation, and presentation. Its team of professionals primarily works with executives to solve key business issues related to market positioning and strategy.

If you would like to learn more, feel free to visit our website (address provided below) before emailing or calling Hugo St. John III to begin understanding how we can help you achieve your goals with better-than-expected results.

Importantly, LensCrafters came away with not only a better understanding of who their key customer segments are, but also which store types best serve certain geographic areas.

This analysis provided their marketing team with actionable results campaigns, and also informed store restructurings and openings.