Customer Segmentation Insights & Recommendations

This document summarizes the key insights derived from the customer segmentation analysis using KMeans clustering on the iFood dataset. Customers were segmented based on Income, Recency, TotalSpend, PurchaseFrequency, and AveragePurchaseValue.

# Cluster 0 — High-Value Loyal Customers

- High income, high total spend, low recency (recent buyers)  
- Frequent and high-value purchases  
- Represent the most valuable segment of the customer base

## Recommendations:

- Implement loyalty rewards programs to increase retention  
- Offer exclusive deals, early product access, or personalized experiences  
- Consider upselling or cross-selling campaigns

# Cluster 1 — Inactive or Lost Customers

- Medium to high income, high recency (haven’t purchased in a long time)  
- Low total spend and frequency  
- Potentially churned or disengaged customers

## Recommendations:

- Launch win-back campaigns via email or SMS  
- Provide time-limited discounts or personalized re-engagement offers  
- Use surveys to understand their disengagement

# Cluster 2 — Budget or Low-Value Customers

- Lower income, low average purchase value  
- Moderate frequency but low total spend  
- Likely price-sensitive customers who respond to deals

## Recommendations:

- Offer bundles or volume discounts  
- Encourage referrals and sharing to grow this base  
- Provide value-based loyalty programs

# Strategic Summary

Segmenting customers enables targeted marketing, improves ROI, and enhances customer satisfaction. Using these clusters, personalized strategies can be implemented to improve retention, acquisition, and revenue.