**Capstone Project Submission**

**Customer Segmentation of Online Retail**

**Introduction:**

Customer segmentation is the process of grouping consumers based on shared behaviours or other characteristics. Both inside each group and in relation to one another, the groups should be homogeneous. This approach' overarching goal is to discover high-value clients, or those who have the most potential for growth or are the most lucrative. When creating customised marketing campaigns as well as the overall marketing strategy and planning, customer segmentation insights are used. Whether or not to segment its clients and how to do so would be important decisions for a business. This would rely on the business's guiding principles and the kind of goods or services it provides.

**Problem Statement:**

Customer segmentation can also help a company to understand how its customers are alike, what is important to them, and what is not. Often such information can be used to develop personalized relevant content for different customer bases. Many studies have found that customers appreciate such individual attention and are more likely to respond and buy the product. They also come to respect the brand and feel connected with it. This is likely to give the company a big advantage over its competitors. In a world where everyone has hundreds of emails, push notifications, messages, and ads dropping into their content stream, no one has time for irrelevant content.

Finally, this technique can also be used by companies to test the pricing of their different products, improve customer service, and upsell and cross-sell other products or services.

**Conclusion:**

Customer segmentation is highly effective strategy for organizations because it allows them to know which customers care about them and understand their needs enough to send a message that ensures brand success.

We used RFM Modeling to see the relation between Recency, Frequncy and Monetary.After RFM model we used this data to perform clustering with the help of k mean clustering Algorithm.

At the end we make 4 clusters of customer’s named as:

**Cluster 0 •** New Customer = A customer who transacted lately and who spends little money and has a low frequency of purchases.

**Cluster 1 •** Lost customers are those who make the fewest transactions and spend the least money.

**Cluster 2 •** Best Customers = Most frequent customers who spend the most money and have recently transacted.

**Cluster 3** who are at risk are those who haven't transacted in a while and have made infrequent, small-ticket purchases.

**Contributor**

* **Abhishek Patil (** [Pabhived@gmail.com](mailto:Pabhived@gmail.com) )

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| **Please Please paste the GitHub Repo link.** |
| GitHub Link: https://github.com/AbhishekPatil98/Online-Retail-Customer-segementation |