Data Source: https://archive.ics.uci.edu/ml/datasets/wholesale+customers

**Data Set Information:**

The data set refers to 440 customers of a wholesale distributor: 298 from the “Horeca” (Hotel/Restaurant/Cafe) channel and 142 from the Retail channel. They are distributed in two large Portuguese city regions (Lisbon and Oporto) and a complementary region. The customer data includes the annual spending in monetary units (m.u.) on product categories.

**Attribute Information:**

|  |  |
| --- | --- |
| Channel | Channel the customer belongs to Horeca (Hotel/Restaurant/Caf ́e) channel and or Retail channel |
| Region | Customer region |
| Fresh | Annual Spending on Fresh Products |
| Milk | Annual Spending on Milk Products |
| Grocery | Annual Spending on Grocery Products |
| Frozen | Annual Spending on Frozen Products |
| Detergents\_Paper | Annual Spending on detergents and paper products |
| Delicatessen | Annual Spending on Delicatessen products |

The management believes that preferential treatment of customers will have a potential impact on sales. This includes strategies like improving the store layout, offering discount tickets or extending products’ assortment.

1. Use k=2 and k=3. Identify the segments that can be provided preferential treatment. What are your observations?
2. As a manager, what might you do next if handed this report?