Clustering Analysis Report

Clustering Method

Clustering Algorithm Used: K-Means and Agglomerative Clustering

Features for Clustering: Recency, Frequency, and Monetary (RFM) values derived from transaction history

Number of Clusters Formed

- **K-Means Clustering**:
  - Number of clusters: 2
- **Agglomerative Clustering**:
  - Number of clusters: 2

Davies-Bouldin Index (DBI)

- **K-Means Clustering**:

  DBI: **0. 1.045**

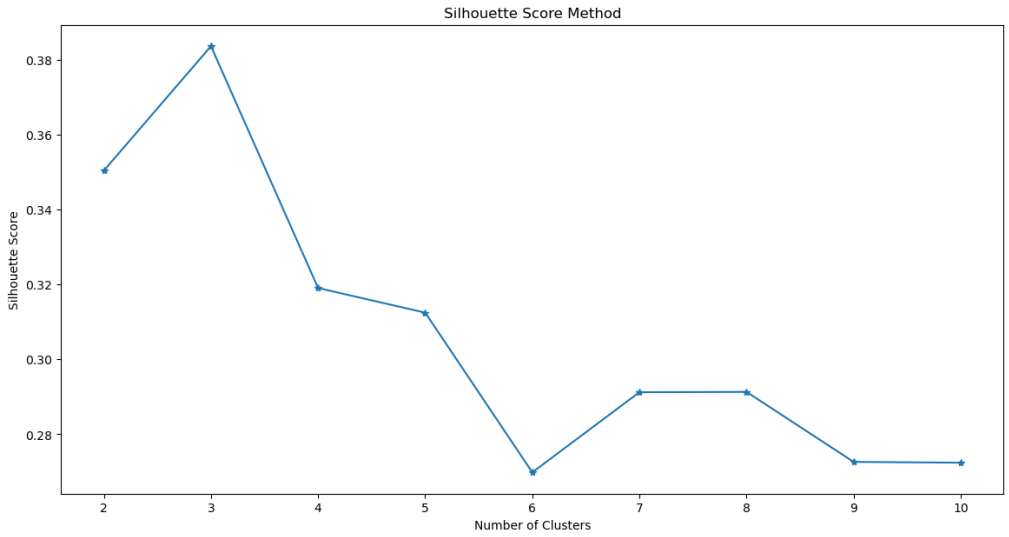
  Moderate separation between clusters
- **Agglomerative Clustering**:

  DBI: **0.1999**

  The clusters formed are well-defined and distinct from one another.

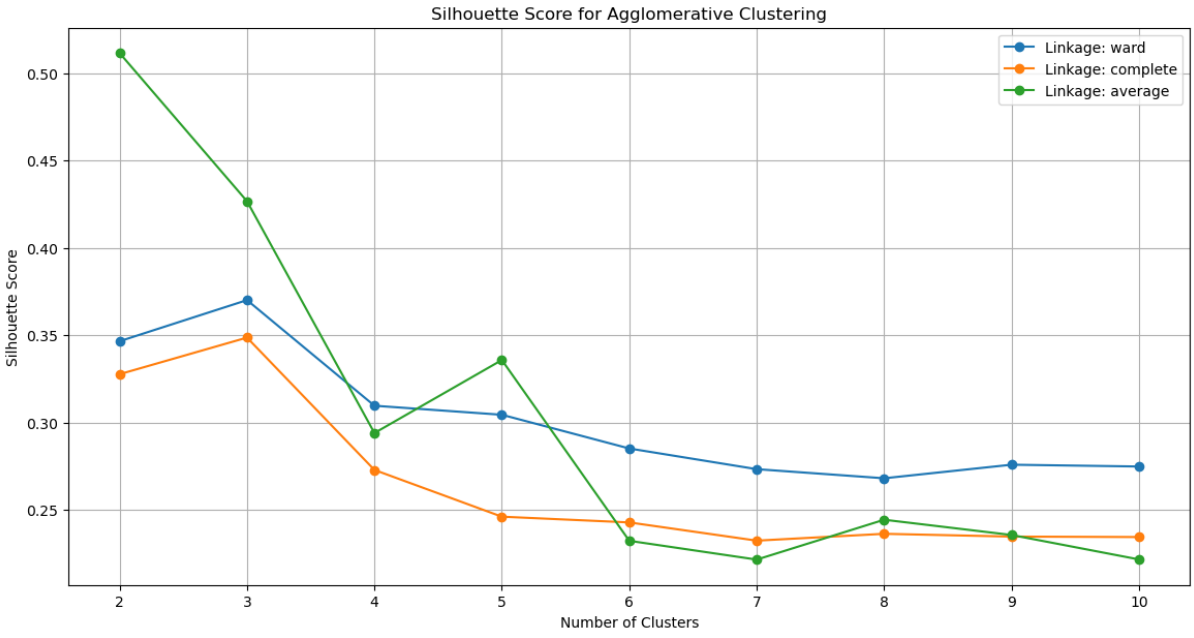
Silhouette Score

- **K-Means Clustering**:



The best no of clusters seems to be 3

- **Agglomerative Clustering**:



The highest silhouette score is 2 or 3 clusters.