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**6 Segment Solution by  
Kmeans Clustering**

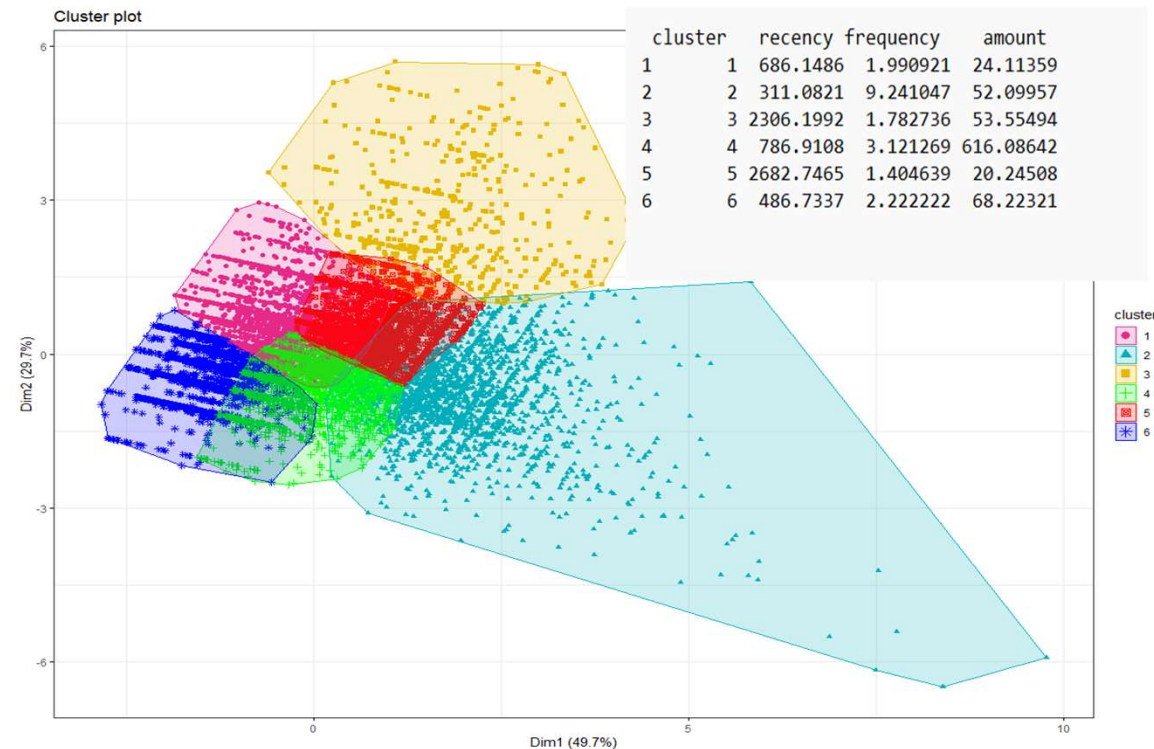


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# CLUSTER SEGMENTATION



Here we have divided the entire customer data into 6 clusters using K-means Clustering. The Clusters which we have defined here is based on Recency, Frequency and Average Amount



**Recency:** How, many days has elapsed till the last purchase of customer that is recency.

**Frequency:** How often a customer buys from you.

**Monetary Value:** The average Value of purchase the customer makes per occasion

cluster		recency	frequency	amount
1	1	686.1486	1.990921	24.11359
2	2	311.0821	9.241047	52.09957
3	3	2306.1992	1.782736	53.55494
4	4	786.9108	3.121269	616.08642
5	5	2682.7465	1.404639	20.24508
6	6	486.7337	2.222222	68.22321

#### Cluster 4

- Here we can see that these set of customers has not visited the store since 2 years. Frequency of these customers are also good which is somewhere around 3. But what is more exciting is the average purchase amount which is 616.08

#### Cluster 6

- Here our recency is 486.73 which is more than a year. Frequency is 2 and the purchase amount is 68.22.

#### Cluster 1

- Here In our first cluster our recency is 686.14 which is approximately 2 years, and our frequency is also near to 2 and the purchase amount is 24.11

#### Cluster 2

- Here our recency is less than 1 year, and frequency of these customers are also very high, and the average purchase amount is 52.



#### Cluster 3

- Here our recency is more than 6 year, and this cluster is not looking important to us cause it's not possible to bring back those customers who last visited our store 6 years back.

#### Cluster 5

- Here our recency is 2682.74 which is more than 7 year, and this cluster is not important for us cause its not possible to bring back these customers.

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1	1	686.1486	1.990921	24.11359
2	2	311.0821	9.241047	52.09957
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4	4	786.9108	3.121269	616.08642
5	5	2682.7465	1.404639	20.24508
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Our fourth cluster customers are those customers who are may be buying high end products and they are premium segment customers, so for these customers store experience is also important. So, in order to increase their frequency and to bring back those customers we need to enhance the store experience.

Also, we can run some exclusive offers and can give some personalized gifts to these customers so that we can bring back these customers.



So here our fourth segment is the most important segment for us. Here we can see that recency is somewhere around two year frequency is also quite decent which is approximately 3. Bu the most important part is purchase amount which is exciting us more which is 616.08. So, we need to bring back those customers to our store and we also need to increase their frequency.



*Here our second most important cluster is cluster 6. Here we can that recency is 486.7337 which is more than one year frequency is 2 and the amount is 68.22. Here it is very important for us to bring back these customers in order to increase our revenue. Here in this case, it is also possible that if we do not put additional efforts these customers will never come back to our store. So, this cluster is in our priority list.*

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4	4	786.9108	3.121269	616.08642
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Here we can see that these set of customers has come to us more than a year back, but they are not so old customer. So, we can run e-mail marketing and can send text messages about new variety of products available, and some discount offers so that we can increase the footfall of these customers to our store. We can also run loyalty programme with these customers and can give some good offers so that we can bring back these customers