

Basic Clustering Report

1. Number of Clusters Formed

Based on the clustering analysis, the data was divided into 3 clusters. This number was selected after experimenting with different cluster counts and evaluating the results.

2. DB Index Value

The Davis-Bouldin (DB) Index for the clustering model was calculated as 0.790. The lower DB Index indicates that the clusters are well-separated and compact.

3. Cluster Observations

Cluster 1: (E.g., Customers with high transaction values and frequent purchases)

Cluster 2: (E.g., Customers with low transaction values and infrequent purchases)

Cluster 3: (E.g., Customers with moderate transaction values and average purchase frequency)

4. Business Insights

The clustering results help in identifying distinct customer groups for targeted marketing.

High-value customers (e.g., Cluster 1) can be prioritized for loyalty programs and special offers.

Low-value customers (e.g., Cluster 2) may require additional engagement strategies to improve spending.