Lookalike Modeling: Driving Business Impact with Similar Customers

by Rabeena R
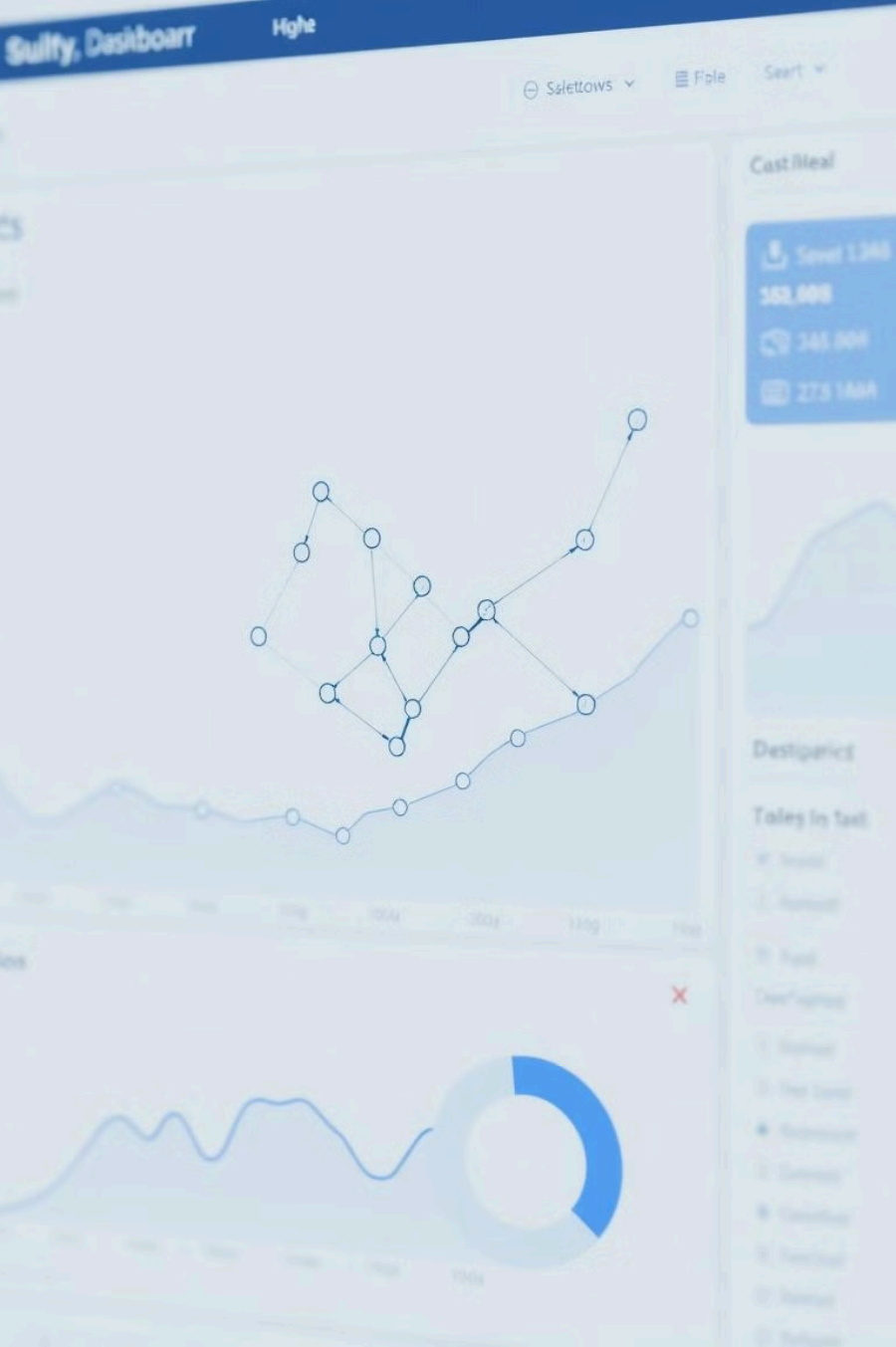
Understanding the Business Problem

Problem

Identify customers similar to existing ones to target new marketing campaigns.

Goal

Increase customer acquisition, boost revenue, and improve marketing efficiency.

Leveraging Customer and Product Data

1 **Customer Demographics**

Age, location, gender, purchase history.

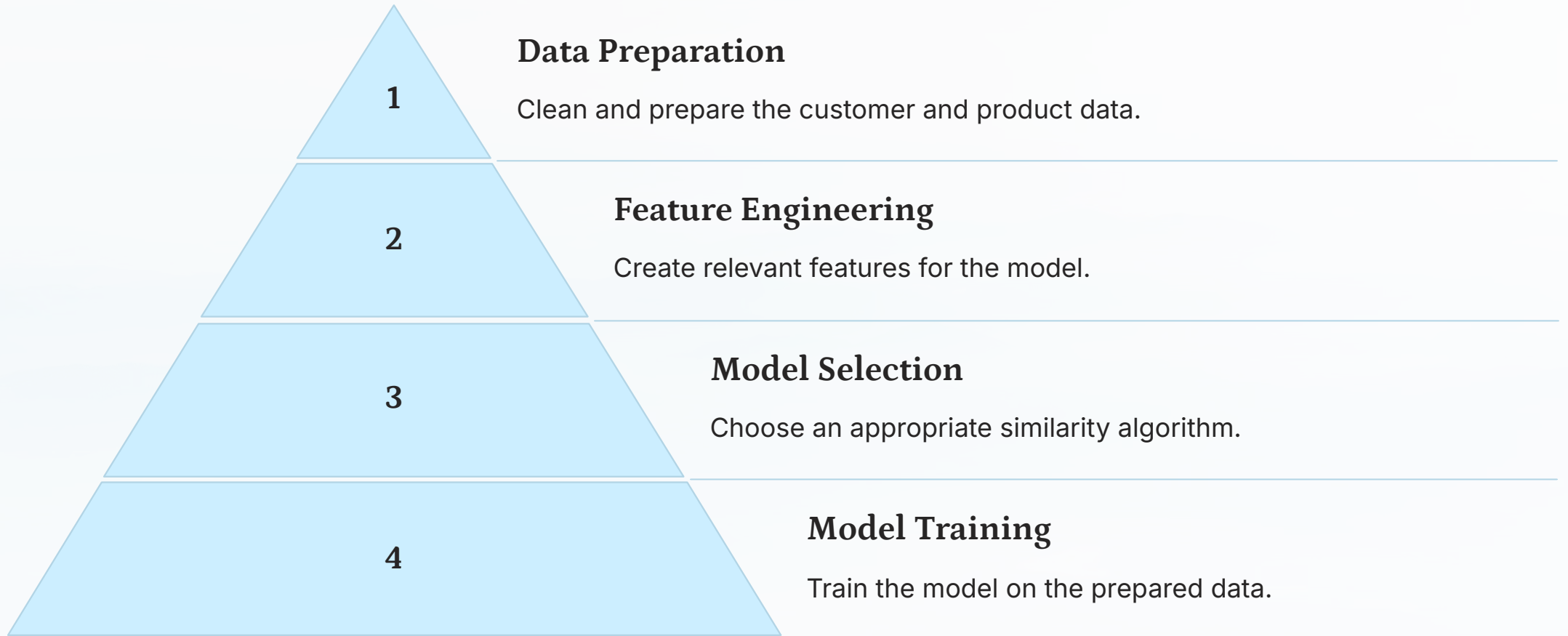**2** **Product Interactions**

Product views, add-to-cart, purchase frequency.

3 **Behavioral Patterns**

Browsing history, website engagement, app usage.

Designing the Lookalike Model

Data Preparation

Clean and prepare the customer and product data.

Feature Engineering

Create relevant features for the model.

Model Selection

Choose an appropriate similarity algorithm.

Model Training

Train the model on the prepared data.

1

2

3

4

Evaluating Model Performance

1 **Precision**

The proportion of recommended customers who are truly similar.

2 **Recall**

The proportion of truly similar customers who were recommended.

3 **F1-Score**

A balanced measure of precision and recall.

Made with Gamma

Generating Lookalike Recommendations

3

Top Lookalikes

Recommend the 3 most similar customers.

1

Similarity Score

Assign a score based on their similarity to the target customer.

Presenting the Lookalike.csv Output

CustomerID	Lookalike Customers
C0001	C0010, C0015, C0018
C0002	C0008, C0012, C0019
C0003	C0005, C0011, C0020

Conclusion and Next Steps

Targeted Marketing

Leverage the lookalike model to target new marketing campaigns.

Model Refinement

Continuously improve the model with new data and insights.

Performance Monitoring

Track the model's performance and adjust as needed.