# **Customer Analysis**

Problem Statement: A well known company with numerous products needs to analyze their customer behaviour and classify them to know whether they will accept the campaigns held by the company.

In this project I will be doing an unsupervised clustering of data on customer records from the company's database. Customer clustering/segmentation is the practice of separating customers into groups that reflect similarities among customers in each cluster. It helps to modify products according to distinct needs and behaviours of the customers.

## Importing libraries

### Loading data

```
In [3]:  data = pd.read_csv("market_train.csv")
data.head()
```

Out[3]:

	Unnamed: 0.1	Unnamed: 0	ID	Year_Birth	Education	Marital_Status	Income	Kidhome	Teenhome	Dt <sub>.</sub>
0	0	0	5524	1957	S1	Lajang	58138000.0	0	0	
1	1	1	2174	1954	S1	Lajang	46344000.0	1	1	
2	2	2	4141	1965	S1	Bertunangan	71613000.0	0	0	
3	3	3	6182	1984	S1	Bertunangan	26646000.0	1	0	
4	4	4	5324	1981	S3	Menikah	58293000.0	1	0	

5 rows × 31 columns

Out[4]: (559, 31)

```
▶ data.shape
In [5]:
   Out[5]: (1680, 31)
```

## **Data Cleaning**

```
# information about the data and features
In [6]:
            data.info()
            <class 'pandas.core.frame.DataFrame'>
            RangeIndex: 1680 entries, 0 to 1679
            Data columns (total 31 columns):
             #
                Column
                                     Non-Null Count Dtype
                _____
                                      -----
             0
                Unnamed: 0.1
                                     1680 non-null
                                                     int64
                Unnamed: 0
                                     1680 non-null
                                                     int64
             1
             2
                ID
                                     1680 non-null
                                                     int64
             3
                Year_Birth
                                     1680 non-null
                                                     int64
             4
                 Education
                                     1680 non-null
                                                     object
             5
                Marital Status
                                     1680 non-null
                                                     object
                                                     float64
             6
                Income
                                     1663 non-null
             7
                Kidhome
                                     1680 non-null
                                                     int64
             8
                Teenhome
                                     1680 non-null
                                                     int64
             9
                Dt Customer
                                     1680 non-null
                                                     object
             10
                Recency
                                     1680 non-null
                                                     int64
             11 MntCoke
                                     1680 non-null
                                                     int64
             12 MntFruits
                                     1680 non-null
                                                     int64
                                     1680 non-null
             13 MntMeatProducts
                                                     int64
                                     1680 non-null
             14 MntFishProducts
                                                     int64
             15
                MntSweetProducts
                                     1680 non-null
                                                     int64
                MntGoldProds
                                     1680 non-null
             16
                                                     int64
                                     1680 non-null
             17
                NumDealsPurchases
                                                     int64
             18 NumWebPurchases
                                     1680 non-null
                                                     int64
             19 NumCatalogPurchases 1680 non-null
                                                     int64
             20 NumStorePurchases
                                     1680 non-null
                                                     int64
             21 NumWebVisitsMonth
                                     1680 non-null
                                                     int64
             22 AcceptedCmp3
                                     1680 non-null
                                                     int64
             23 AcceptedCmp4
                                     1680 non-null
                                                     int64
             24 AcceptedCmp5
                                     1680 non-null
                                                     int64
             25 AcceptedCmp1
                                      1680 non-null
                                                     int64
             26 AcceptedCmp2
                                     1680 non-null
                                                     int64
             27 Complain
                                     1680 non-null
                                                     int64
             28 Z CostContact
                                     1680 non-null
                                                     int64
             29 Z Revenue
                                      1680 non-null
                                                     int64
             30 Response
```

dtypes: float64(1), int64(27), object(3)

memory usage: 407.0+ KB

1680 non-null

int64

```
▶ test.info()

In [7]:
            <class 'pandas.core.frame.DataFrame'>
            RangeIndex: 559 entries, 0 to 558
            Data columns (total 31 columns):
                Column
                                      Non-Null Count Dtype
                -----
                                      -----
                 Unnamed: 0.1
             0
                                     559 non-null
                                                      int64
             1
                 Unnamed: 0
                                    559 non-null int64
             2
                                    559 non-null int64
                Year_Birth
             3
                                    559 non-null int64
                                                   object
             4
                 Education
                                     559 non-null
                 Marital_Status
             5
                                     559 non-null object
                                     552 non-null float64
             6
                Income
             7
                 Kidhome
                                     559 non-null int64
                 Teenhome
                                    559 non-null
                                                      int64
             8
            9 Dt_Customer 559 non-null
10 Recency 559 non-null
11 MntCoke 559 non-null
12 MntFruits 559 non-null
                                                      object
                                                      int64
                                    559 non-null
                                                     int64
                                    559 non-null
                                                      int64
             13 MntMeatProducts14 MntFishProducts
                                    559 non-null
                                                      int64
                                     559 non-null
                                                      int64
             15 MntSweetProducts 559 non-null int64
16 MntGoldProds 559 non-null int64
             17 NumDealsPurchases 559 non-null
                                                      int64
             18 NumWebPurchases 559 non-null
                                                     int64
                NumCatalogPurchases 559 non-null
             19
                                                      int64
                NumStorePurchases 559 non-null
             20
                                                      int64
             21 NumWebVisitsMonth
                                     559 non-null int64
             22 AcceptedCmp3 559 non-null
                                                      int64
             23 AcceptedCmp4
                                    559 non-null
                                                      int64
                                    559 non-null
             24 AcceptedCmp5
                                                      int64
             25 AcceptedCmp1
26 AcceptedCmp2
                                     559 non-null
                                                      int64
                                   559 non-null int64
559 non-null int64
             27 Complain
             28 Z CostContact
                                  559 non-null
                                                      int64
             29 Z_Revenue
                                    559 non-null
                                                      int64
             30 Response
                                      559 non-null
                                                      int64
            dtypes: float64(1), int64(27), object(3)
            memory usage: 135.5+ KB
```

There are unwanted coulmns, missing values, values that are objects. These need to be addressed

```
# converting Dt_Customer to datetime
In [12]:
            data["Dt_Customer"] = pd.to_datetime(data["Dt_Customer"])
            data.info()
            <class 'pandas.core.frame.DataFrame'>
            RangeIndex: 1680 entries, 0 to 1679
            Data columns (total 29 columns):
                 Column
                                     Non-Null Count Dtype
                 -----
                                     -----
             0
                 ID
                                     1680 non-null int64
             1
                 Year Birth
                                     1680 non-null int64
                                     1680 non-null object
             2
                 Education
                 Marital_Status
                                     1680 non-null object
             3
             4
                 Income
                                     1680 non-null
                                                   float64
                 Kidhome
             5
                                     1680 non-null
                                                   int64
                 Teenhome
                                     1680 non-null
                                                   int64
             7
                 Dt_Customer
                                     1680 non-null
                                                    datetime64[ns]
                                     1680 non-null
                                                    int64
             8
                 Recency
             9
                 MntCoke
                                     1680 non-null
                                                    int64
                                     1680 non-null
             10 MntFruits
                                                    int64
             11 MntMeatProducts
                                     1680 non-null
                                                    int64
             12 MntFishProducts
                                     1680 non-null
                                                    int64
             13 MntSweetProducts
                                     1680 non-null
                                                    int64
In [ ]:
         ▶ test["Dt_Customer"] = pd.to_datetime(test["Dt_Customer"])
In [14]:
          print("Total categories in the feature Marital_Status:\n", data["Marital_Status"].value
            print("Total categories in the feature Education:\n", data["Education"].value_counts()
            Total categories in the feature Marital_Status:
             Menikah
                           650
            Bertunangan
                          438
                          360
            Lajang
                          177
            Cerai
            Janda
                           52
            Duda
            Name: Marital_Status, dtype: int64
            Total categories in the feature Education:
             S1
                    834
            S3
                   373
            S2
                   279
            D3
                   159
            SMA
                    35
            Name: Education, dtype: int64
```

```
In [15]: ▶ # Replacing marital status with english synonyms
             data["Marital_Status"] = data['Marital_Status'].replace('Menikah','Married')
             data["Marital_Status"] = data['Marital_Status'].replace('Bertunangan','Engaged')
             data["Marital_Status"] = data['Marital_Status'].replace('Lajang','Bachelor')
             data["Marital_Status"] = data['Marital_Status'].replace('Cerai','Divorced')
             test["Marital_Status"] = test['Marital_Status'].replace('Menikah','Married')
             test["Marital_Status"] = test['Marital_Status'].replace('Bertunangan','Engaged')
             test["Marital_Status"] = test['Marital_Status'].replace('Lajang','Bachelor')
             test["Marital_Status"] = test['Marital_Status'].replace('Cerai','Divorced')
             data["Marital Status"].value counts()
   Out[15]: Married
                         650
             Engaged
                         438
             Bachelor
                         360
             Divorced
                         177
             Janda
                          52
             Duda
             Name: Marital Status, dtype: int64
```

## **Feature Engineering**

```
In [16]: ▶ #Creating some new features for grouping
             #Age of customer today
             data["Age"] = 2023-data["Year_Birth"]
             test["Age"] = 2023-test["Year_Birth"]
             #Total spendings on various items
             data["Spent"] = data["MntCoke"]+ data["MntFruits"]+ data["MntMeatProducts"]+ data["Mnt
             test["Spent"] = test["MntCoke"]+ test["MntFruits"]+ test["MntMeatProducts"]+ test["Mnt
             #Feature indicating total children living in the household
             data["Children"]=data["Kidhome"]+data["Teenhome"]
             test["Children"]=test["Kidhome"]+test["Teenhome"]
             #Feature pertaining parenthood
             data["Is_Parent"] = np.where(data.Children> 0, 1, 0)
             test["Is Parent"] = np.where(test.Children> 0, 1, 0)
             #Segmenting education levels in three groups
             data["Education"]=data["Education"].replace({"SMA":"Undergraduate","S1":"Graduate","D3
             test["Education"]=test["Education"].replace({"SMA":"Undergraduate","S1":"Graduate","D3
In [17]: ▶ #Dropping some of the redundant features
             to_drop = ["Z_CostContact", "Z_Revenue", "Year_Birth", "ID"]
             data = data.drop(to_drop, axis=1)
             test = test.drop(to drop, axis=1)
```

```
In [18]: # converting income to thousands
data["Income"] = data["Income"]/1000
test["Income"] = test["Income"]/1000
data.describe()
```

### Out[18]:

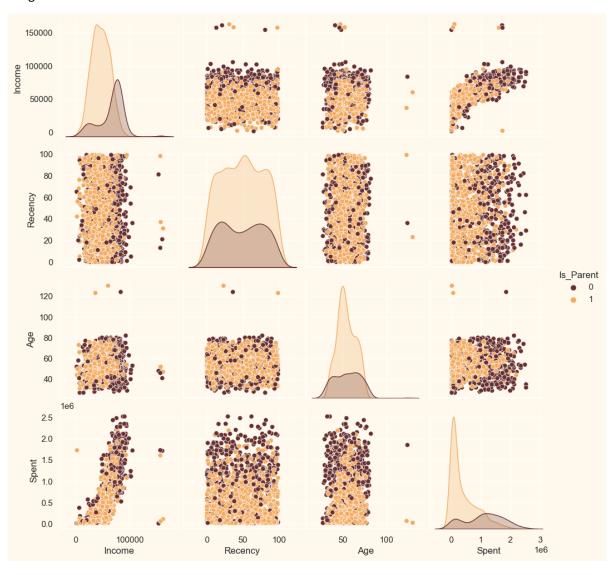
	Income	Kidhome	Teenhome	Recency	MntCoke	MntFruits	MntMeatProduc
count	1680.000000	1680.000000	1680.000000	1680.000000	1.680000e+03	1680.000000	1.680000e+
mean	52014.343355	0.452381	0.500000	49.083333	3.048994e+05	25918.452381	1.657738e+
std	21373.445420	0.546901	0.550055	28.930637	3.387051e+05	39532.059109	2.242424e+
min	1730.000000	0.000000	0.000000	0.000000	0.000000e+00	0.000000	1.000000e+
25%	35790.750000	0.000000	0.000000	24.000000	2.400000e+04	1000.000000	1.600000e+
50%	51445.500000	0.000000	0.000000	50.000000	1.730000e+05	8000.000000	6.800000e+
75%	67897.500000	1.000000	1.000000	74.000000	4.942500e+05	32000.000000	2.322500e+
max	162397.000000	2.000000	2.000000	99.000000	1.492000e+06	199000.000000	1.725000e+

8 rows × 26 columns

```
In [20]: #To plot some selected features
    #Setting up colors prefrences
    sns.set(rc={"axes.facecolor":"#FFF9ED","figure.facecolor":"#FFF9ED"})
    pallet = ["#682F2F", "#9E726F", "#D6B2B1", "#B9C0C9", "#9F8A78", "#F3AB60"]
    cmap = colors.ListedColormap(["#682F2F", "#9E726F", "#D6B2B1", "#B9C0C9", "#9F8A78", "#Plotting following features
    To_Plot = [ "Income", "Recency", "Age", "Spent", "Is_Parent"]
    print("Reletiving Plot Of Some Selected Features")
    plt.figure()
    sns.pairplot(data[To_Plot], hue= "Is_Parent",palette= (["#682F2F","#F3AB60"]))
    #Taking hue
    plt.show()
```

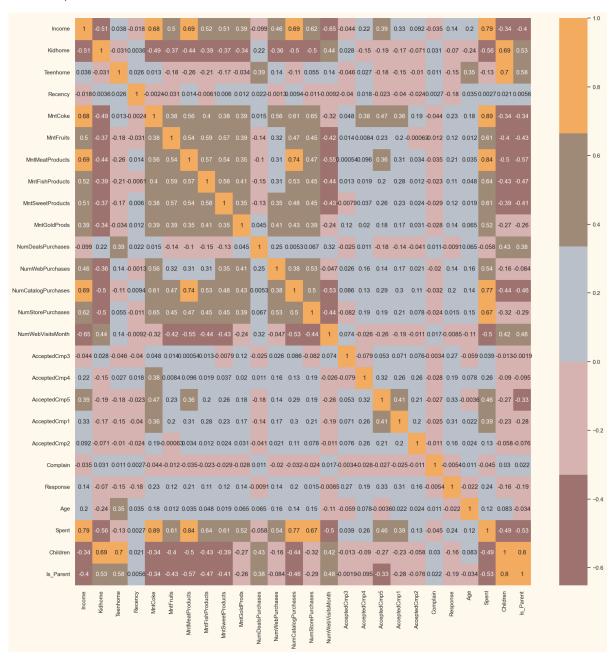
Reletiving Plot Of Some Selected Features

<Figure size 640x480 with 0 Axes>



Out[21]: 1677

Out[22]: <AxesSubplot:>



## **Data Preprocessing**

```
In [23]:  #Get List of categorical variables
s = (data.dtypes == 'object')
object_cols = list(s[s].index)
print("Categorical variables in the dataset:", object_cols)
Categorical variables in the dataset: ['Education', 'Marital_Status']
```

```
In [24]:
           ▶ #Label Encoding the object dtypes.
             LE=LabelEncoder()
             for i in object_cols:
                  data[i]=data[[i]].apply(LE.fit transform)
             print("All features are now numerical")
             All features are now numerical
In [25]:
          ▶ LE=LabelEncoder()
             for i in object cols:
                  test[i]=test[[i]].apply(LE.fit_transform)
          #Creating a copy of data
In [26]:
             ds = data.copy()
             # creating a subset of dataframe by dropping the features on deals accepted and promot
             cols_del = ['AcceptedCmp3', 'AcceptedCmp4', 'AcceptedCmp5', 'AcceptedCmp1','AcceptedCm
             ds = ds.drop(cols_del, axis=1)
           ★ ts = test.copy()
In [27]:
             ts = ts.drop(cols_del, axis=1)
          In [28]:
             scaler = StandardScaler()
             scaler.fit(ds)
             scaled ds = pd.DataFrame(scaler.transform(ds),columns= ds.columns )
             print("All features are now scaled")
             All features are now scaled
In [29]:
          scaler.fit(ts)
             scaled ts = pd.DataFrame(scaler.transform(ts),columns= ts.columns )
           ▶ #Scaled data to be used for reducing the dimensionality
In [30]:
             print("Dataframe to be used for further modelling:")
             scaled_ds.head()
             Dataframe to be used for further modelling:
    Out[30]:
                 Education
                          Marital_Status
                                         Income
                                                 Kidhome Teenhome
                                                                   Recency
                                                                            MntCoke MntFruits
                                                                                              MntMeatProd
                 -0.802765
                              -1.489737
                                        0.287258
                                                -0.827652
                                                          -0.909671
                                                                   0.308614
                                                                            0.974724
                                                                                     1.575077
                                                                                                     1.69
                 -0.802765
                              -1.489737 -0.264686
                                                 1.001034
                                                          0.908587 -0.383107
                                                                            -0.868284
                                                                                     -0.630678
                                                                                                    -0.71
                 -0.802765
                               0.024072 0.917871
                                                -0.827652
                                                          -0.909671 -0.798139
                                                                            0.357434
                                                                                     0.586290
                                                                                                    -0.17
                 -0.802765
                               0.024072 -1.186528
                                                 1.001034
                                                          -0.909671
                                                                   -0.798139 -0.868284
                                                                                     -0.554617
                                                                                                     -0.65
                  1.064415
                               1.033277 0.294512
                                                1.001034
                                                          -0.909671
                                                                   1.553710 -0.389811
                                                                                     0.434169
                                                                                                     -0.21
```

### **Dimensionality Reduction**

5 rows × 21 columns

Dimensionality reduction is the process of reducing the number of random variables under consideration, by obtaining a set of principal variables. There are a lot of features which classify the

customers, but many of them are redundant or correlated. So reducing the dimensionality helps in easy working with features.

Principal component analysis (PCA) is a technique for reducing the dimensionality of such datasets, increasing interpretability but at the same time minimizing information loss. We will first reduce the dimensionality and then try plotting the reduced dataframe

```
▶ #Initiating PCA to reduce dimentions aka features to 3
In [31]:
             pca = PCA(n_components=3)
             pca.fit(scaled_ds)
             PCA_ds = pd.DataFrame(pca.transform(scaled_ds), columns=(["col1","col2", "col3"]))
             PCA_ds.describe().T
```

### Out[31]:

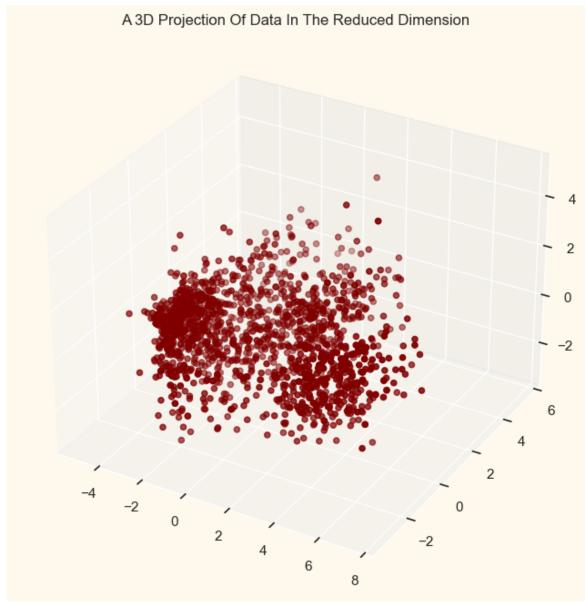
	count	mean	std	min	25%	50%	75%	max
col1	1677.0	3.495514e-17	2.810285	-4.990753	-2.548165	-0.825075	2.371183	7.473642
col2	1677.0	-4.753370e-17	1.601270	-3.481987	-1.315620	-0.199698	1.155824	5.585791
col3	1677.0	-1.224754e-17	1.163446	-3.202030	-0.804723	-0.004204	0.847023	5.064139

```
In [32]:
             pca.fit(scaled_ts)
             PCA_ts = pd.DataFrame(pca.transform(scaled_ts), columns=(["col1","col2", "col3"]))
             PCA_ts.describe().T
```

### Out[32]:

	count	mean	std	min	25%	50%	75%	max
col1	559.0	-1.191653e-17	2.736717	-5.565964	-2.531598	-0.754421	2.294045	6.959592
col2	559.0	1.124126e-16	1.611310	-3.742891	-1.357901	-0.061365	1.330641	5.220100
col3	559.0	1.827201e-17	1.154425	-3.217005	-0.767433	0.021124	0.738971	4.527263

```
▶ #A 3D Projection Of Data In The Reduced Dimension
In [33]:
             x =PCA_ds["col1"]
             y =PCA_ds["col2"]
             z =PCA_ds["col3"]
             #To plot
             fig = plt.figure(figsize=(10,8))
             ax = fig.add_subplot(111, projection="3d")
             ax.scatter(x,y,z, c="maroon", marker="o" )
             ax.set_title("A 3D Projection Of Data In The Reduced Dimension")
             plt.show()
```



## Clustering

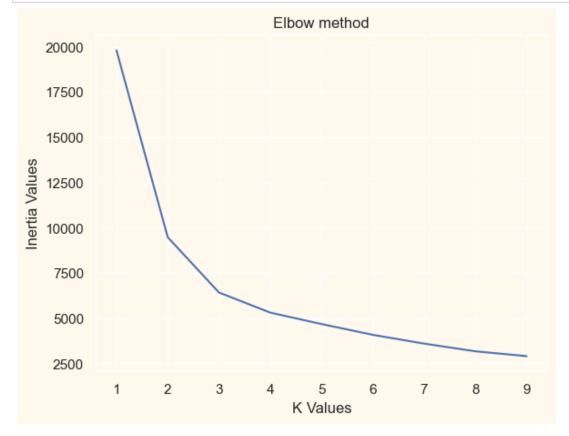
The clustering will be performed by Agglomerative clustering. Agglomerative clustering is a hierarchical clustering method. It involves merging examples until the desired number of clusters is achieved.

Steps involved in the Clustering:

Elbow Method to determine the number of clusters to be formed Clustering via Agglomerative Clustering

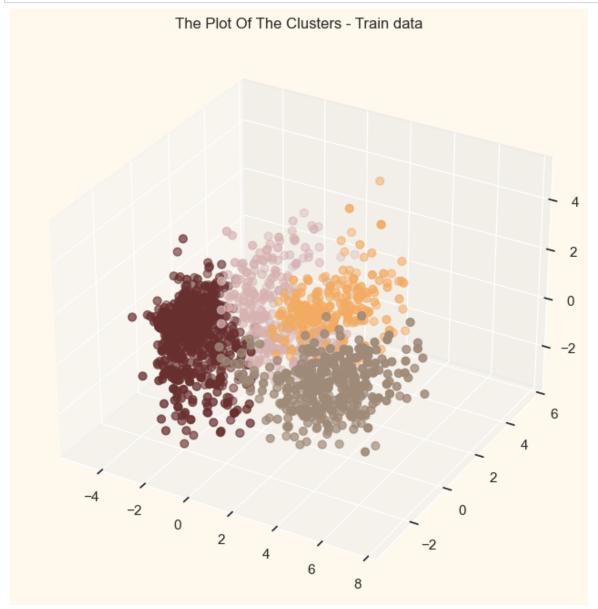
C:\Users\HP\anaconda3\lib\site-packages\sklearn\cluster\\_kmeans.py:1036: UserWarning: KMeans is known to have a memory leak on Windows with MKL, when there are less chunks than available threads. You can avoid it by setting the environment variable OMP\_NUM\_ THREADS=7.

warnings.warn(

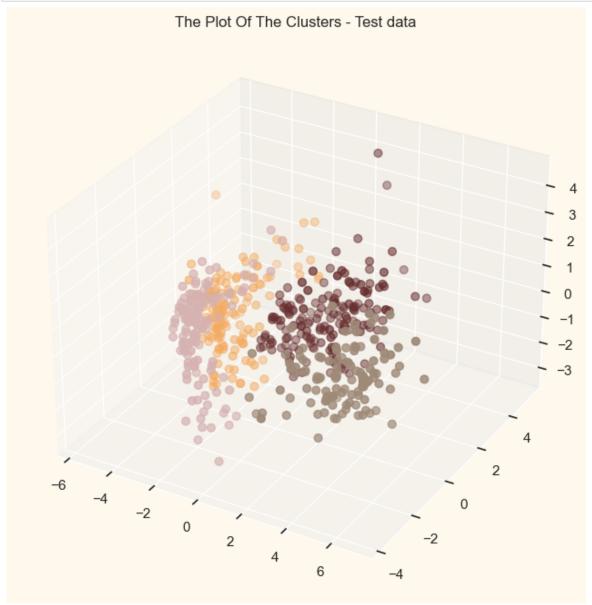


```
▶ test_AC = AC.fit_predict(PCA_ts)
In [37]:
             PCA_ts["Clusters"] = test_AC
             test["Clusters"]= test_AC
```

```
In [39]: ▶ #Plotting the clusters for train data
             fig = plt.figure(figsize=(10,8))
             ax = plt.subplot(111, projection='3d', label="bla")
             ax.scatter(x, y, z, s=40, c=PCA_ds["Clusters"], marker='o', cmap = cmap )
             ax.set_title("The Plot Of The Clusters - Train data")
             plt.show()
```



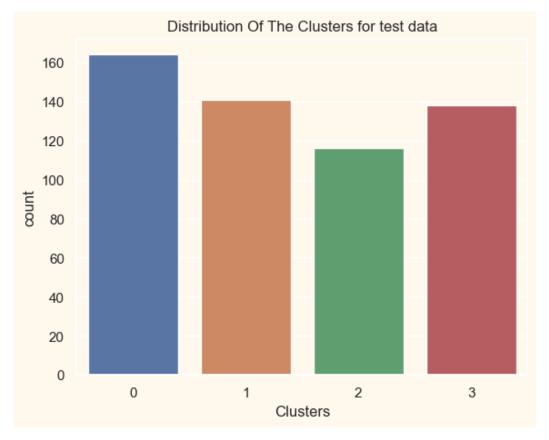
```
▶ #Plotting the clusters for test data
In [40]:
             t =PCA_ts["col1"]
             u =PCA_ts["col2"]
             v =PCA_ts["col3"]
             fig = plt.figure(figsize=(10,8))
             ax = plt.subplot(111, projection='3d', label="bla")
             ax.scatter(t, u, v, s=40, c=PCA_ts["Clusters"], marker='o', cmap = cmap )
             ax.set_title("The Plot Of The Clusters - Test data")
             plt.show()
```



## **Evaluating Models**

The purpose of this section is to study the patterns in the clusters formed and determine the nature of the clusters' patterns.

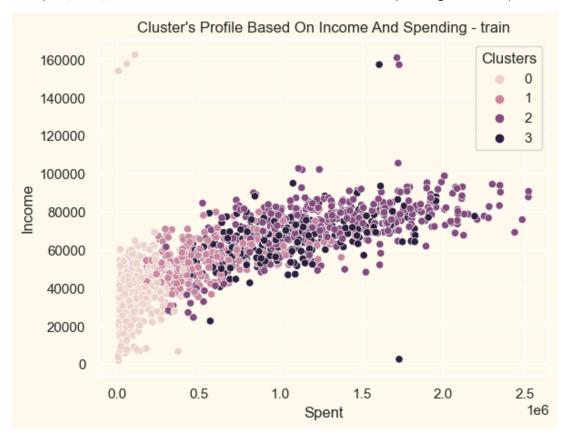
Out[41]: Text(0.5, 1.0, 'Distribution Of The Clusters for test data')



The clusters seem to be fairly distributed

In [42]: pl = sns.scatterplot(data = data,x=data["Spent"], y=data["Income"],hue=data["Clusters"
pl.set\_title("Cluster's Profile Based On Income And Spending - train")

Out[42]: Text(0.5, 1.0, "Cluster's Profile Based On Income And Spending - train")



### Classification

Group 0: Low income and low spending

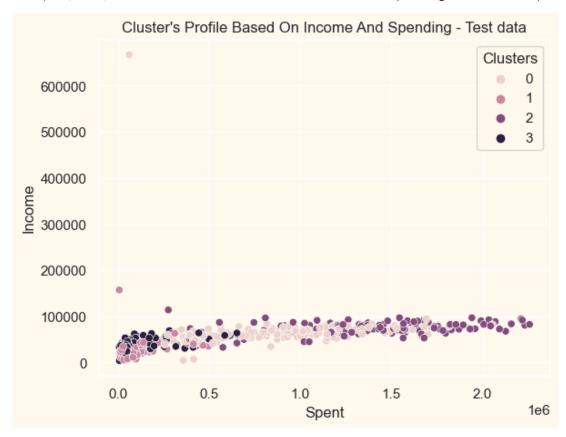
Group 1: High income and high spending

Group 2: High income and low spending

Group 3: Average income and average spending

In [43]: pl = sns.scatterplot(data = test,x=test["Spent"], y=test["Income"],hue=test["Clusters"
pl.set\_title("Cluster's Profile Based On Income And Spending - Test data")

Out[43]: Text(0.5, 1.0, "Cluster's Profile Based On Income And Spending - Test data")



### Classification

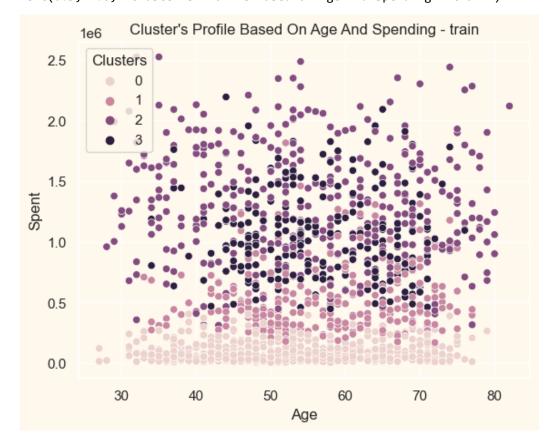
Group 0: High income and average spending

Group 1: Low income and low spending

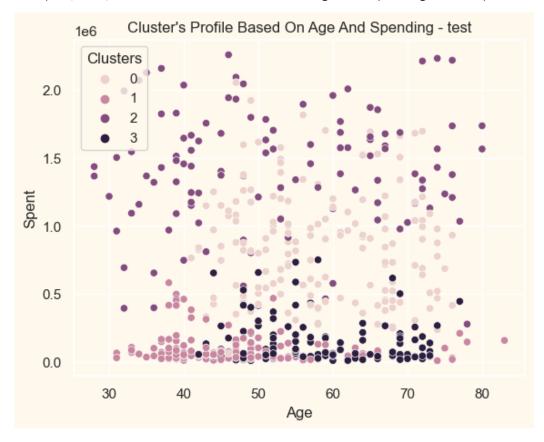
Group 2: Low income high spending

Group 3: Average income and low spending

Out[45]: Text(0.5, 1.0, "Cluster's Profile Based On Age And Spending - train")



Out[46]: Text(0.5, 1.0, "Cluster's Profile Based On Age And Spending - test")



Group 0: Age between 40 & 80 with average to high spending

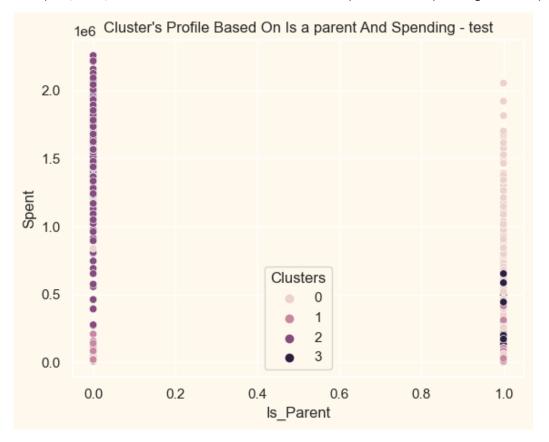
Group 1: Age between 30 & 80 with average spending

Group 2: Age between 25 & 80 with high spending

Group 3: Age between 40 & 70 low spending

In [47]: pl = sns.scatterplot(data = test,x=test["Is\_Parent"], y=test["Spent"],hue=test["Cluster
pl.set\_title("Cluster's Profile Based On Is a parent And Spending - test")

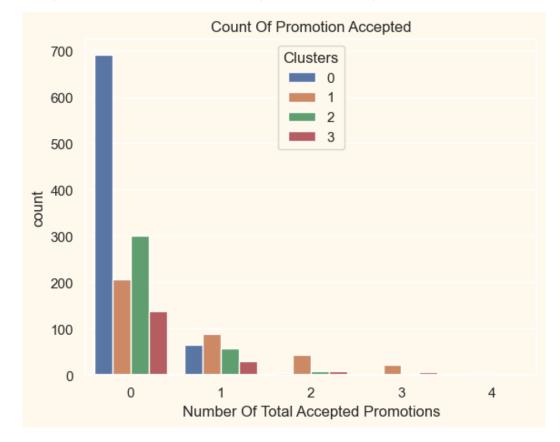
Out[47]: Text(0.5, 1.0, "Cluster's Profile Based On Is a parent And Spending - test")



Most spending comes from customers who are not parents

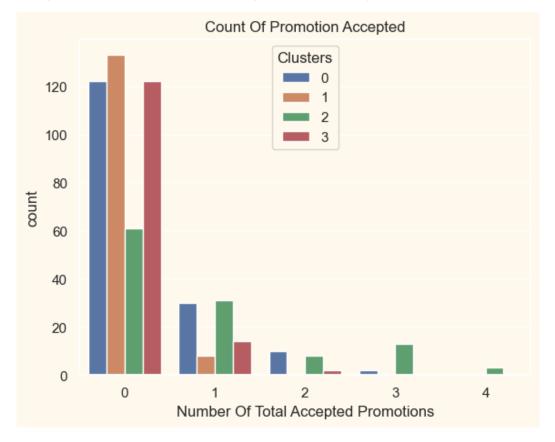
```
▶ #Creating a feature to get a sum of accepted promotions for train data
In [97]:
             data["Total_Promos"] = data["AcceptedCmp1"]+ data["AcceptedCmp2"]+ data["AcceptedCmp3"
             #Plotting count of total campaign accepted.
             pl = sns.countplot(x=data["Total_Promos"],hue=data["Clusters"])
             pl.set_title("Count Of Promotion Accepted")
             pl.set_xlabel("Number Of Total Accepted Promotions")
```

Out[97]: Text(0.5, 0, 'Number Of Total Accepted Promotions')



```
In [98]: #Creating a feature to get a sum of accepted promotions for test data
test["Total_Promos"] = test["AcceptedCmp1"]+ test["AcceptedCmp2"]+ test["AcceptedCmp3"
#Plotting count of total campaign accepted.
pl = sns.countplot(x=test["Total_Promos"], hue=test["Clusters"])
pl.set_title("Count Of Promotion Accepted")
pl.set_xlabel("Number Of Total Accepted Promotions")
```

Out[98]: Text(0.5, 0, 'Number Of Total Accepted Promotions')



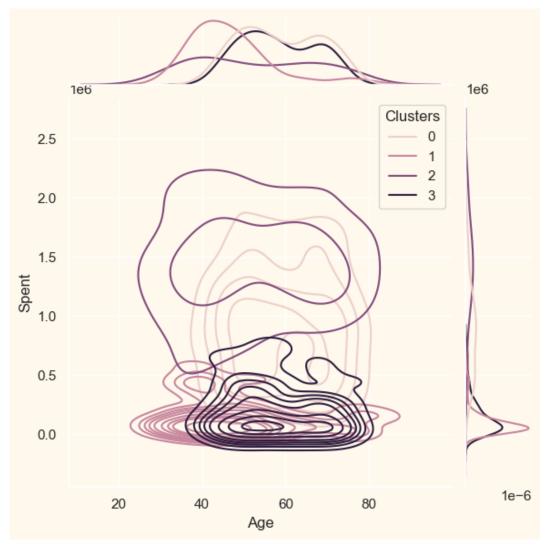
There isnt any overwhelming response to the campaigns so far. There are only a few participants overall. Moreover, no one has taken part in all 5 of them. Perhaps better-targeted and well-planned campaigns are required to boost sales.

## **Profiling the clusters**

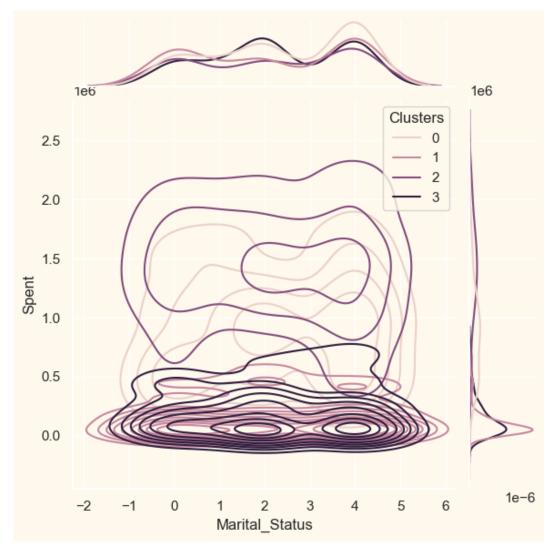
This is done to get an idea about who are valuable customer and who needs more attention from the retail store's marketing team. Plotting some of the features that indicates customer's personal traits based on the cluster they are in.

```
In [52]:
          ▶ Features = ["Age", "Marital_Status", "Teenhome", "Is_Parent", "Education"]
             for i in Features:
                 plt.figure()
                 sns.jointplot(x=test[i], y=test["Spent"], hue =test["Clusters"], kind="kde")
                 plt.show()
```

<Figure size 640x480 with 0 Axes>



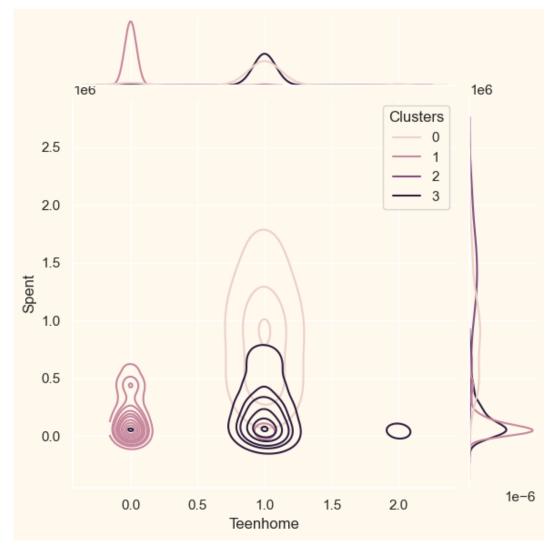
<Figure size 640x480 with 0 Axes>



C:\Users\HP\anaconda3\lib\site-packages\seaborn\distributions.py:316: UserWarning: Da taset has 0 variance; skipping density estimate. Pass `warn\_singular=False` to disabl e this warning.

warnings.warn(msg, UserWarning)

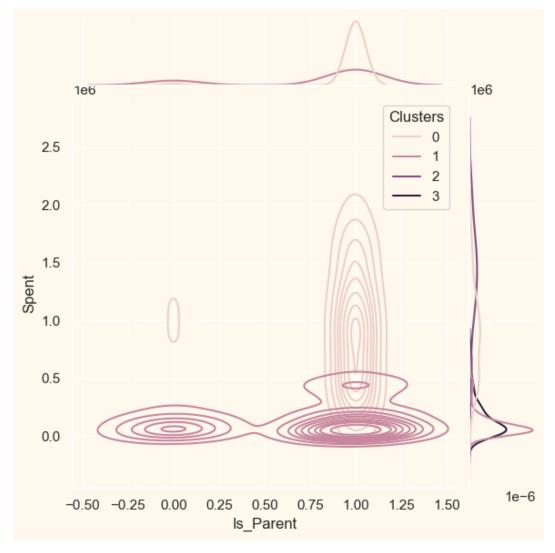
<Figure size 640x480 with 0 Axes>



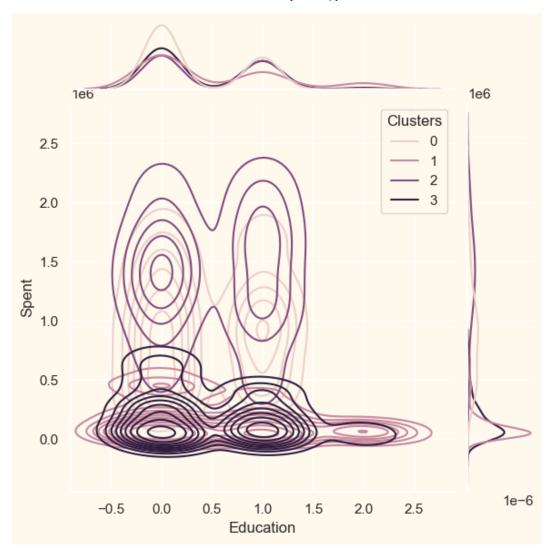
C:\Users\HP\anaconda3\lib\site-packages\seaborn\distributions.py:316: UserWarning: Da taset has 0 variance; skipping density estimate. Pass `warn\_singular=False` to disabl e this warning.

warnings.warn(msg, UserWarning)

<Figure size 640x480 with 0 Axes>



<Figure size 640x480 with 0 Axes>



### Cluster 0:

Between age 40 & 80 with average spending. Mostly parents with teens at home. Mos tly graduates

### Cluster 1:

Between age 20 & 90 with low spending. Mostly parents with all education types

### Cluster 2:

Between age 40 & 80 with high spending. Includes people in all marital status and all education types

### Cluster 3:

Between age 40 & 80 low spending. There are mostly parents with teens.

In [ ]: ▶