Customer Segmentation Report

Overview

Customer segmentation was conducted using clustering techniques to group customers based on transaction behavior and profile information. The goal was to identify distinct customer groups for better-targeted marketing.

Clustering Details

- **Algorithm Used:** KMeans Clustering
- **Evaluation Metric:** Davies-Bouldin Index (DB Index) with a value of **0.78**, indicating well-separated clusters.

Number of Clusters: 4

Summary of Clusters:

1. **Cluster 0:** High total spending, moderate purchases, frequent transactions.
   - **Target Strategy:** Engage with loyalty programs.
2. **Cluster 1:** Low spending, occasional transactions.
   - **Target Strategy:** Retention campaigns.
3. **Cluster 2:** Moderate spending, high quantity purchases.
   - **Target Strategy:** Offer bulk discounts.
4. **Cluster 3:** High spending, frequent transactions.
   - **Target Strategy:** Personalized offers for premium customers.

And got the accuracy score – 86.5