**Online Retail Customer Segmentation**

**Business Problem**

Retail giants wants to understand that different segment of customers based on the past transaction. They also want to understand who are the most valued customer in terms value and volume of transaction.

This information will help in effective campaigning and marketing at a later stage.

**Approach Towards Problem**

The strategy is to understand the recency, frequency and monetary value of the customer, based on their past transaction and we leverage these features as an input to k-means clustering algorithm. We will use these features to identify segments of customers.

After getting segments we will do the profiling of the customer. And identify which segment is basically the most recent transactor, most frequent transactor, and most monitory. And this will be communicated to the campaign marketing department.

**Clustering Profile**

**K-Means Clustering with 3 Cluster Ids:**

1. Customers with Cluster Id 0 are the customers with high amount of transactions as compared to other customers.

2. Customers with Cluster Id 1 are frequent buyers.

3. Customers with Cluster Id 2 are recent buyers.