

Customer Segmentation Report

Results and Insights:

- The customer segmentation process used **Agglomerative Clustering**, as it is suitable for small, structured data sets and also supports mixed feature types while enhancing the DB Index.
- **9 clusters** were formed by looking at factors such as total transactions, total as well as average spending, recency, and one-hot encoded regional data.
- The **DB Index value = 1.04** suggests that the clustering quality is good, showing well-separated and meaningful clusters based on customer behaviors and transaction patterns.
- The segmentation showed distinct groups, such as top tier customers, regular shoppers, and region based trends, offering insights into a variety of customers and their spending habits.