

Project Name : Customer Segmentation

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Segment Shopping Customers

- **Problem Statement:** Understand the target customers for the marketing team to plan a strategy.
- **Context:** Our Supervisor(Enamul Hassan sir) wants us to identify the most important shopping groups based on income,age and the mall shopping score.
- He wants the ideal number of groups with a label for each.



Customer Segmentation

- **Customer segmentation** is the practice of dividing a company's customers into groups that reflect similarity among customers in each group. The goal of segmenting customers is to decide how to relate to customers in each segment in order to maximize the value of each customer to the business.

Objective of Customer Segmentation

- Customer segmentation has the potential to allow marketers to address each customer in the most effective way. Using the large amount of data available on customers (and potential customers), a customer segmentation analysis allows marketers to identify discrete groups of customers with a high degree of accuracy based on demographic, behavioral and other indicators.
- Since the marketer's goal is usually to maximize the value (revenue and/or profit) from each customer, it is critical to know in advance how any particular marketing action will influence the customer.
- Customer segmentation is the process of grouping customers together based on common characteristics. These customer groups are beneficial in marketing campaigns, in identifying potentially profitable customers, and in developing customer loyalty.

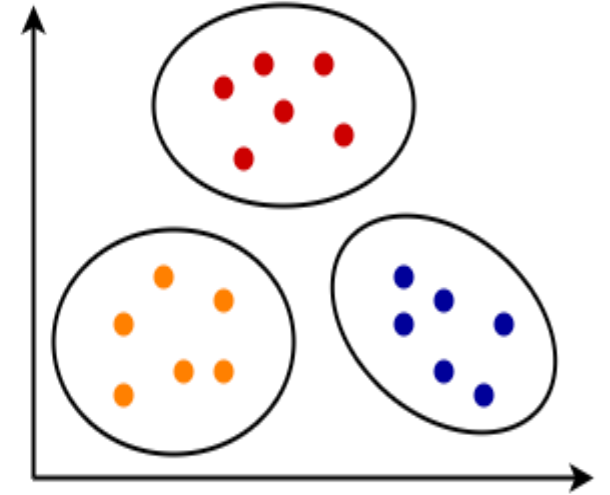


The Approach

- Perform some quick EDA (Exploratory Data Analysis)
- Use Kmeans clustering algorithm to create our segments
- Use summery statistics on the clusters
- Visualize



Before K-Means



After K-Means

Requirements

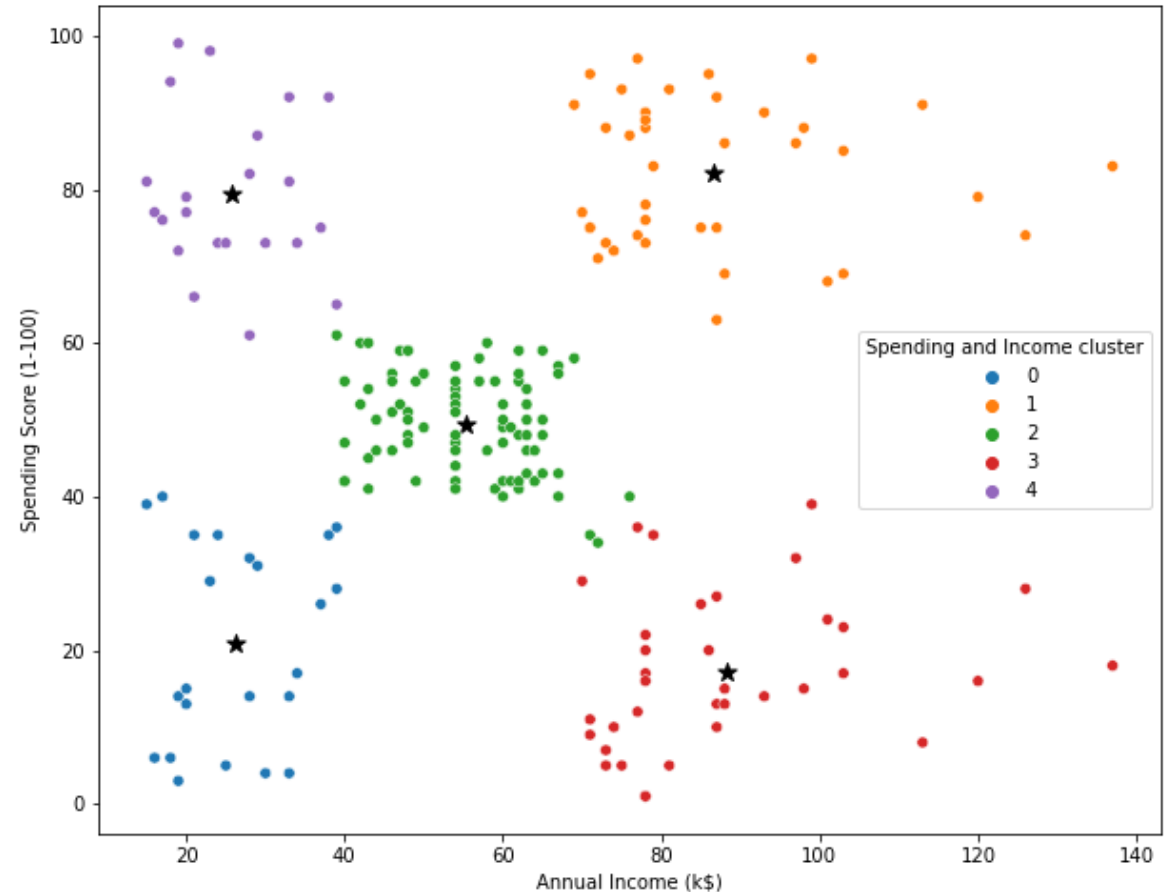
- Standard Python Installation
- Jupyter Notebook
- Powerpoint



Analysis

Target Cluster

- Target group would be cluster 1 which has a high Spending Score and high income
- 60 percent of cluster 1 shoppers are women. We should look for ways to attract these customers using a marketing campaign targeting popular item in this cluster
- Cluster 2 represents an interesting opportunity to market to the customer for sales event on popular items.



THANK YOU