

Clustering Results Report:

1. Number of Clusters Formed:

- The K-Means algorithm identified **4 clusters** in the data. This is based on the color variations seen in the scatter plot, which visualizes the clustering result. The number of clusters was chosen based on domain knowledge and the elbow method or other techniques for selecting the optimal number of clusters.

2. Davies-Bouldin Index (DBI):

- The **DBI value** is **1.254**.
- The DBI is used to measure the compactness and separation of the clusters. A lower DBI value indicates better-separated and more compact clusters. A value of **1.254** suggests that the clusters are reasonably well-separated but may still have some overlap. Improving cluster separation could involve further tuning of the clustering algorithm or using alternative clustering methods.

3. Silhouette Score:

- The **Silhouette Score** is **0.319**.
- The Silhouette Score evaluates how well each point fits within its cluster compared to other clusters. It ranges from -1 to 1, with values closer to 1 indicating well-defined clusters. A value of **0.319** suggests that the clusters are moderately well-defined, but there is still room for improvement in terms of cluster cohesion and separation.

Overall Interpretation:

- **Cluster Separation:** The moderate DBI and Silhouette Score values suggest that the clusters are reasonably well-separated, but the clustering might benefit from further refinement.
- **Visual Inspection:** The scatter plot, which shows the clustering results, can provide additional insights into the distribution of data points within each cluster. Some overlap may exist, which is consistent with the DBI and Silhouette Score values.

Further Considerations:

- **Alternative Clustering Algorithms:** To potentially improve the clustering results, consider exploring other algorithms like **DBSCAN** or **Hierarchical Clustering**, which might reveal more nuanced cluster structures, especially if the clusters are of varying shapes or densities.
- **Domain Knowledge:** Incorporating domain-specific knowledge about the data can help in better interpreting the clusters. For example, knowing which customer behavior or

demographics correspond to different clusters could be valuable for further analysis.

Additional Information for a Comprehensive Analysis:

- **Features Used for Clustering:** The features used in the clustering include metrics such as **purchase frequency**, **total purchase amount**, **account age**, and one-hot encoded **Region** columns.
- **Cluster Sizes:** Analyzing the number of data points in each cluster could provide insights into the distribution of customer types and whether any cluster is disproportionately large or small.
- **Application Domain:** This analysis is typically used in customer segmentation, where clustering helps to categorize customers into groups based on their behaviors or attributes. This allows businesses to tailor marketing strategies, customer support, and product offerings for each group.