# **PROJECT REPORT FORMAT**

#### 1.INTRODUCTION

- **1.1 Project Overview:** Market segmentation is a critical aspect of marketing strategy.
- Utilizing Machine Learning (ML) for segmentation enhances precision and efficiency.

### 1.2 Purpose:

Enhance marketing strategy precision and efficiency by employing Machine Learning for market segmentation, enabling targeted campaigns and personalized approaches, ultimately improving overall return on investment (ROI).

# 2.LITERATURE SURVEY: [2]

**2.1 Existing Problem:** Current market segmentation approaches lack precision and efficiency, often relying on traditional methods that struggle to handle diverse and dynamic datasets. This leads to suboptimal targeting and personalization in marketing strategies, hindering overall effectiveness and ROI.

#### 2.2 References:

[1] Blanchard, Tommy. Bhatnagar, Pranshu. Behera,

Trash. (2019). Marketing Analytics Scientific

Data: Achieve your marketing objectives with

Python's data analytics capabilities. S.l: Packt

printing is limited

[2] Griva, A., Bardaki, C., Pramatari, K.,

Papakiriakopoulos, D. (2018). Sales business

analysis: Customer categories use market basket

data. Systems Expert Systems, 100, 1-16.

[3] Hong, T., Kim, E. (2011). It separates consumers

from online stores based on factors that affect the

customer's intention to purchase. Expert System

Applications, 39 (2), 2127-2131.

[4] Hwang, Y. H. (2019). Hands-on Advertising

Science Data: Develop your machine learning

marketing strategies... using python and r. S.l:

Packt printing is limited

[5] Puwanenthiren Premkanth, - Market

Classification and Its Impact on Customer

Satisfaction and Special Reference to the

Commercial Bank of Ceylon PLC. | Global

Journal of Management and Business Publisher

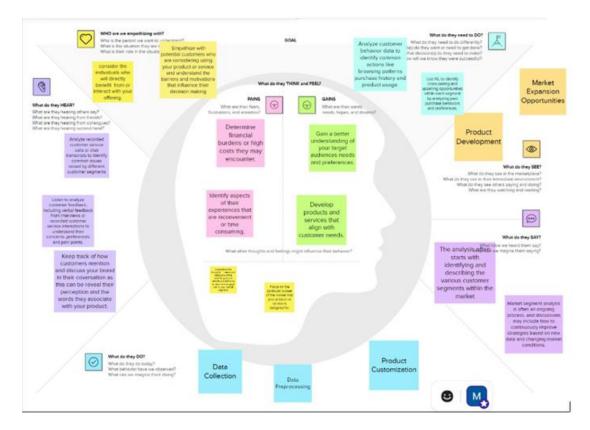
Research: Global Magazenals Inc. (USA). 2012.

Print ISSN: 0975-5853. Volume 12 Issue 1.

**2.3 Problem Statement Definition:** Develop an efficient and precise market segmentation strategy using Machine Learning to overcome the limitations of traditional methods. Address the challenge of suboptimal targeting and personalization in marketing due to the inability to handle diverse and dynamic datasets effectively.

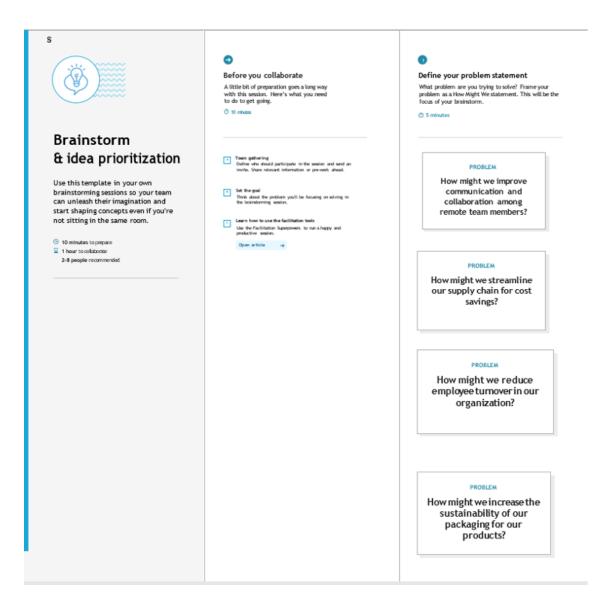
## 3.IDEATION&PROPOSED SOLUTION:

### 3.1 Empathy Map Canvas:

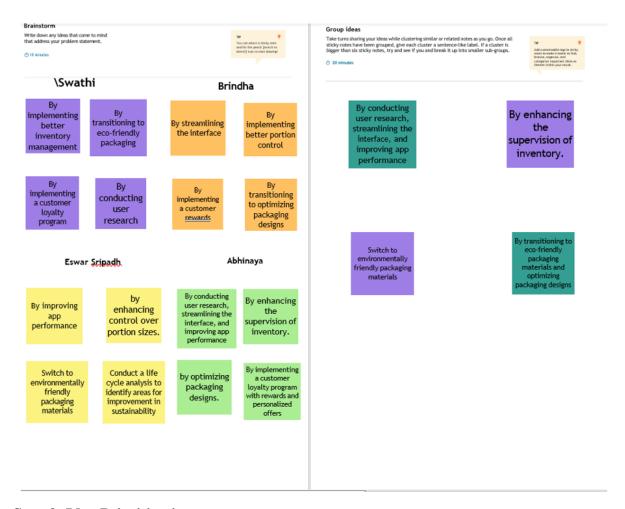


# 3.2 Ideation & Brainstorming:

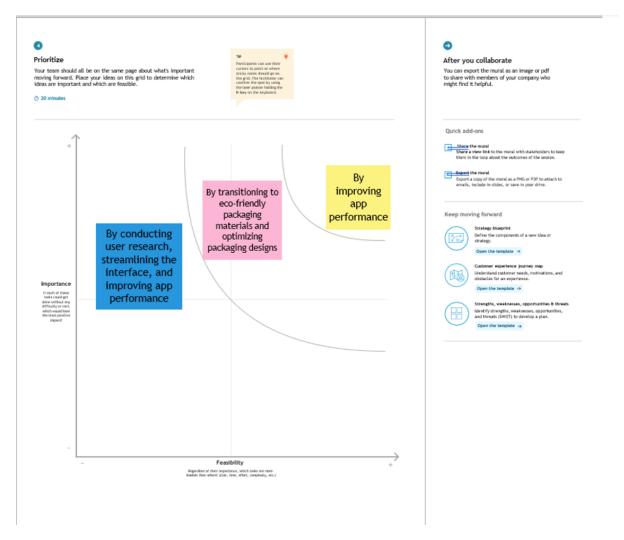
**Step-1: Team Gathering, Collaboration and Select the Problem Statement:** 



Step-2: Brainstorm, Idea Listing and Grouping:



**Step-3: Idea Prioritization:** 



# 4. Requirement Analysis:

## 4.1 Functional Requirements:

Functional Requirements for Market Segmentation Analysis Using ML:

#### **Data Collection:**

- a. The system should collect diverse data sources, including demographic, behavioral, and transactional data.
- b. Data gathering should support seamless integration with ML algorithms.

## **Preprocessing:**

- a. The system must clean and preprocess data to handle missing values, outliers, and inconsistencies.
- b. It should support feature selection and transformation for optimal model performance.

#### **Machine Learning Models:**

- a. Implementation of clustering algorithms (e.g., K-means, hierarchical clustering) for segmentation.
- b. The system should facilitate model training, validation, and fine-tuning.

## **Interpretation and Insights:**

- a. Provide tools for interpreting results and developing actionable insights from segment profiles.
- b. Ensure user-friendly interfaces for effective analysis.

#### **Integration with Marketing Strategy:**

- a. Enable seamless integration with marketing tools and platforms.
- b. Support customization of marketing campaigns based on segment characteristics.

#### **4.2 Non-Functional Requirements:**

#### **Performance:**

- a. The system should process and analyze large datasets efficiently.
- b. Achieve low-latency response times for real-time decision-making.

### **Scalability:**

a. The solution must scale to handle growing datasets and user demands.

#### **Reliability**:

- a. Ensure the reliability of ML models for consistent and accurate segmentation.
- b. Implement mechanisms to handle and recover from system failures gracefully.

#### Security:

a. Implement robust security measures to protect sensitive customer data.

## **Usability**:

- a. Provide a user-friendly interface for users with varying levels of technical expertise.
- b. Include documentation and training materials for system users.

## Interoperability:

- a. Ensure compatibility with various data sources, marketing tools, and platforms.
- b. Support industry-standard data formats for seamless integration.

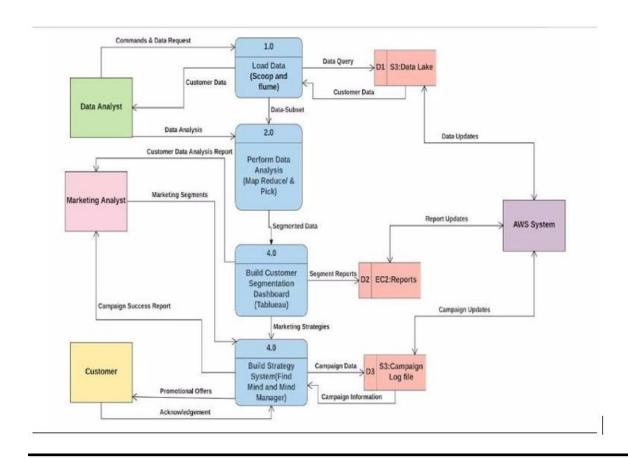
### Maintainability:

- a. Design the system with modular components to facilitate updates and maintenance.
- b. Provide tools for monitoring and troubleshooting.

## **Compliance:**

- a. Ensure compliance with data protection regulations and ethical considerations.
- **5. PROJECT DESIGN:**
- 5.1 Data Flow Diagrams & User Stories:

### **Data Flow Diagrams:**

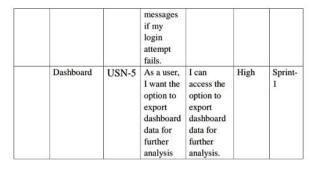


# **User stories:**

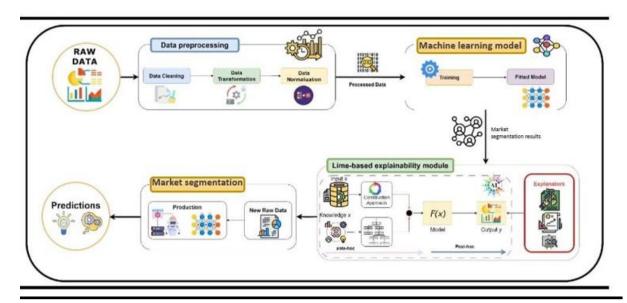
#### User Stories:

User Type	Functiona l Requirem ent (Epic)	User Story Numb er	User Story / Task	Acceptan ce criteria	Priori ty	Relea se
Custom er (Mobil e user)	Registration	USN-1	As a new user, I want to register with a valid email and password.	I can access and register with a valid email and password.	High	Sprint-1
		USN-2	As a user, I want to receive a confirmati on email after successful registratio n.	I can access and receive a confirmati on on email after successful registration	Mediu m	Sprint-1
		USN-3	As a user, I want the registratio n process to include basic profile informatio n.	I can access basic profile informatio n.	High	Sprint-1
	Login	USN-4	As a user, I want to see informativ e error	I can access credential securely.	Low	Sprint-2

2/3

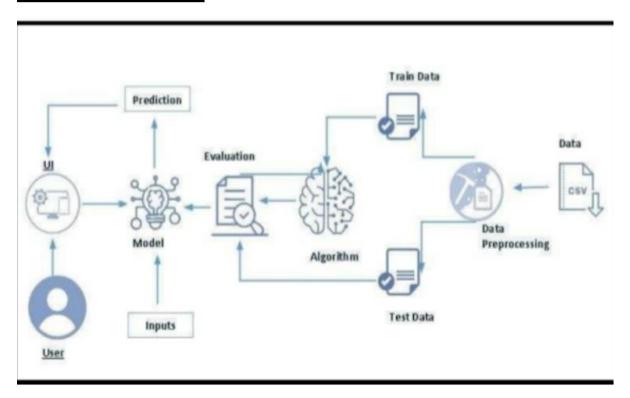


# **5.2 Solution Architecture**;



# **6. PROJECT PLANNING & SCHEDULING:**

## **6.1 Technical Architecture:**



## **6.2 Sprint Planning & Estimation:**

Sprint	Functional Requirement (Epic)	User Story Number	User Story / Task	Story Points	Priority	Team Members
Sprint-1	Registration	USN-1	As a user, I can register for the application by entering my email, password, and confirming my password.	2	High	MVL Swathi
Sprint-2		USN-2	As a user, I can register for the application through Facebook	2	Low	Eswar Sripadh
Sprint-1	Login	USN-3	As a user, I can register for the application through Gmail	2	Medium	Abhinaya
Sprint-1	Dashboard	USN-4	As a user, I can log into the application by entering email & password	1	High	Brindha Shri

# **6.3 Sprint Delivery Schedule:**

_ ,			,			
Sprint	Total Story Points	Duration	Sprint Start Date	Sprint End Date (Planned)	Story Points Completed (as on Planned End Date)	Sprint Release Date (Actual)
Sprint-1	20	6 Days	12 Nov 2023	18 Nov 2023	20	18 Nov 2023

Sprint-2         20         6 Days         19	9 Nov 2023 22 Nov 2023		
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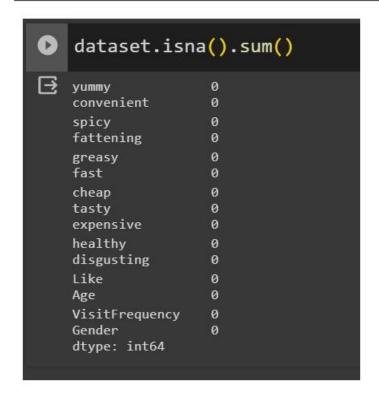
# 7. CODING & SOLUTIONING:

# **7.1 Feature 1:**

Milestone 4: Data Pre-processing

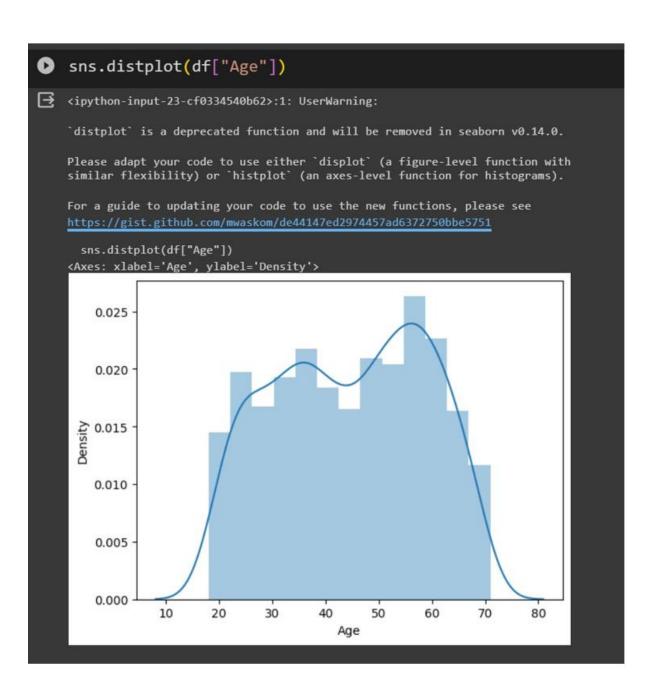
Activity 1: Checking for null values:

```
[] dataset.info()
    <class 'pandas.core.frame.DataFrame'>
    RangeIndex: 1453 entries, 0 to 1452
    Data columns (total 15 columns):
     #
         Column
                       Non-Null Count Dtype
     0
        yummy
                       1453 non-null object
        convenient 1453 non-null object
     2
                       1453 non-null
                                       object
        spicy
                      1453 non-null object
1453 non-null object
        fattening
     4
        greasy
        fast
                       1453 non-null
                                       object
                      1453 non-null object
        cheap
                      1453 non-null object
       tasty
     8 expensive
                      1453 non-null
                                       object
        healthy
                       1453 non-null
     9
                                       object
     10 disgusting
                       1453 non-null
                                       object
     11 Like
                       1453 non-null
                                       object
     12 Age
                        1453 non-null
                                       int64
        VisitFrequency 1453 non-null
                                       object
     14 Gender
                        1453 non-null
                                       object
    dtypes: int64(1), object(14)
    memory usage: 170.4+ KB
```



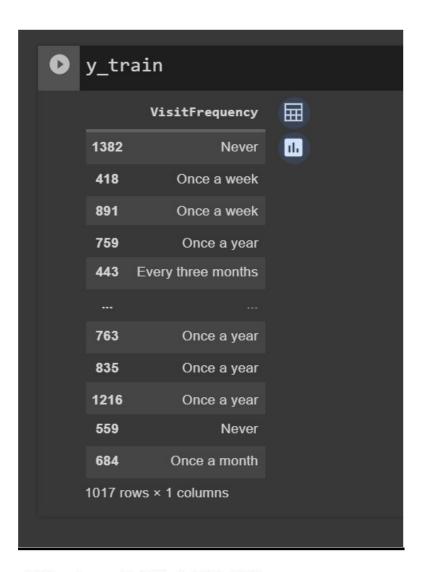
**Activity 2: Handling outliers:** 

```
segment_df.Age.describe([.75,.90,.95,.99])
        1453.000000
count
          44.604955
mean
std
          14.221178
min
          18.000000
50%
          45.000000
75%
          57.000000
90%
          63.000000
95%
          66.000000
99%
          70.000000
          71.000000
max
Name: Age, dtype: float64
```



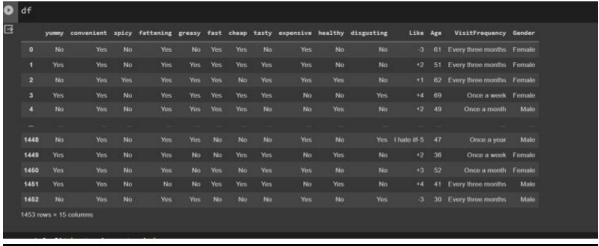
Activity 3: Splitting data into train and test

```
[] from sklearn.model_selection import train_test_split
    x_train,x_test,y_train,y_test=train_test_split(x,y,test_size=0.3,random_sta
1 x_train.shape,x_test.shape,y_train.shape,y_test.shape
[] a=[1,2,3,4,5,6]
                           # 4 values for training and 2 for testing
    b=[1,0,1,5,6,3]
    for i in range(5):
         a_train,a_test,b_train,b_test=train_test_split(a,b,test_size=0.3)
         print("with random state",a_train)
    with random state [3, 5, 4, 6]
    with random state [1, 5, 3, 2] with random state [6, 1, 5, 3]
    with random state [4, 2, 1, 6]
    with random state [6, 4, 1, 3]
[] a=[1,2,3,4,5,6]
                          # 4 values for training and 2 for testing
    b=[1,0,1,5,6,3]
    for i in range(5):
         a_train,a_test,b_train,b_test=train_test_split(a,b,test_size=0.3)
         print("without random state",a_train)
     without random state [6, 1, 4, 2]
    without random state [6, 3, 1, 2] without random state [1, 5, 2, 4]
    without random state [3, 1, 5, 6] without random state [1, 6, 4, 5]
from sklearn.preprocessing import StandardScaler
     sc=StandardScaler()
 x train
 0
           fattening greasy fast cheap expensive healthy disgusting
                                                                    Like Age Yes
                                                                                   丽
     1382
                                                             Yes I hate itI-5 42
                                                                                    ılı
                           Yes
                                  No
                                           Yes
                                                   No
                      Yes
      418
      891
                                                             No I love it!+5
      759
                Yes
                      Yes
                           Yes
                                           Yes
                                                   No
                                                             Yes
                                                                          60
      443
      763
                                                   No
                                                             No
                      Yes
                                  Yes
      835
     1216
      559
                                  Yes
      684
                                           No
     1017 rows × 10 columns
```



# Milestone 5: Model Building





## **7.2 Feature 2:**

Milestone 6: Application Building

Activity1: Building Html Pages:

# Activity 2: Build Python code:

## Import the libraries:

```
from flask import Flask, render_template, url_for,request import pickle as p import pickle from flask import Flask,request,jsonify,render_template import numpy as np import pandas as pd from sklearn.preprocessing import StandardScaler
```

## Importing flask module:

```
modelfile = 'models/final_prediction.pickle'
model = p.load(open(modelfile, 'rb'))
scaler= pickle.load(open('models/scaler.pickle','rb'))
app = Flask(__name__)
```

# Render HTML page:

```
@app.route('/')
def welcome():
    return render_template('index.html')
```

#### Retrieves the value from UI:

```
@app.route('/predict', methods =['GET', 'POST'])
def predict():
   yummy = float(request.form["yummy"])
    convenient =float(request.form['convenient'])
    spicy = float(request.form['spicy'])
    fattening=float(request.form['fattening'])
    greasy = float(request.form['greasy'])
    fast = float(request.form['fast'])
    cheap= float(request.form['cheap'])
    tasty =float(request.form['tasty'])
    expensive = float(request.form['expensive'])
    healthy=float(request.form['healthy'])
    disgusting = float(request.form['disgusting'])
    Age = float(request.form['Age'])
    Gender= float(request.form['Gender'])
    total = [[yummy, convenient, spicy, fattening, greasy, fast, cheap,
       tasty, expensive, healthy, disgusting, Age, Gender]]
    prediction = model.predict(scaler.transform(total))
    prediction = int(prediction[0])
    if prediction == 0:
       return render template('index.html',predict="Predicts Customer belong to cluster 0"
    if prediction == 1:
       return render_template('index.html',predict="Predicts Customer belong to cluster 1"
    if prediction==2:
       return render_template('index.html',predict="Predicts Customer belong to cluster 2"
        return render template('index.html', predict="Predicts Customer belong to cluster 3"
```

### **Main Function:**

```
if __name__ == "__main__":
    app.run(debug = True)
```

# Activity 3: Run the application

# Final Output:

MARKET SE	GMENTATION ANALYSIS USING	Home	About	Contact Predict
	Market Segmentation Analysis Using	g ML		-
	yummy			

yummy
convenient
spicy
fattening
greasy
fast
cheap
tasty
expensive

## **8. PERFORMANCE TESTING:**

## **8.1 Performace Metrics:**

# **Model Performance Testing:**

```
1. Metrices Regression Model: MA E - , MSE - , RMSE - , R2 score -
```

#### Classification Model:

Confusion Matrix - , Accuray Score- & Classification Report

## Screenshots: Regression Model MAE:

```
from sklearn.metrics import mean_absolute_error

mae = mean_absolute_error(y actual, y predicted)

print(f"Mean Absolute Error: {mae}")

Mean Absolute Error: 0.16
```

#### MSE:

```
[] #mean squared error
print(metrics.mean_squared_error(y_test,y_pred))

96015241.54707709
```

#### RMSE:

```
[] # RMSE (Root Mean Square Error)
print(np.sqrt(metrics.mean_squared_error(y_test,y_pred)))
9798.736732205693
```

### R2 Score:

```
p from sklearn.metrics import r2_score
    r2_score(y_test,y_pred)

    0.988169515729126
```

#### **Classification Model:**

### **Confusion Matrix:**

### Accuracy Score:

```
[] accuracy_score(y_test,pred)
0.925
```

### Classification Report:

```
print(classification_report(y_test,pred))
⊡
              precision recall f1-score support
                0.91 1.00 0.95
1.00 0.73 0.84
            0
                                            58
                                 0.84
                                            22
                                  0.93
                                            80
      accuracy
                 0.95 0.86
     macro avg
                                  0.90
                                            80
                0.93
                          0.93
                                  0.92
   weighted avg
                                            80
```

### 9. RESULTS:

#### **9.1 Output Screenshots:**

ML.	Market S	egmentation Analysis	bout Contact Predi
		yummy	
		convenient	
		spicy	
		fattening	
		greasy	
		fast	
		cheap	
		tasty	

## 10. ADVANTAGES & DISADVANTAGES:

Precision: ML enhances segmentation accuracy by identifying nuanced patterns in data.

**Efficiency:** Automated processes reduce time and resources required for segmentation.

**Personalization**: Enables tailored marketing strategies for diverse customer segments.

**ROI Improvement**: Targeted campaigns lead to better returns on marketing investment.

**Dynamic Adaptation**: ML models can adapt to changing market dynamics.

**Disadvantages:** 

Data Dependence: ML models rely heavily on the quality and diversity of input data.

**Complexity**: Implementing ML may require specialized skills and resources.

Interpretability: Some ML models lack transparency, making interpretation challenging.

**Initial Costs**: Setting up ML infrastructure may involve significant upfront investments.

Ethical Concerns: Bias in data or algorithms can lead to unintended consequences.

#### 11. CONCLUSION:

We can conclude Machine Learning for market segmentation analysis offers unprecedented precision and efficiency. The enhanced accuracy in identifying customer segments, coupled

with the ability to adapt dynamically to market changes, positions the approach as a powerful tool for optimizing marketing strategies.

## 12. Future Scope:

The future scope for market segmentation analysis using Machine Learning holds promise for continuous evolution. Opportunities include exploring advanced algorithms for even finer segmentation, integrating real-time data for dynamic adaptation, and harnessing emerging technologies like artificial intelligence and predictive analytics.

## 13. APPENDIX

#### **Source Code:**

# Import necessary libraries

from sklearn.cluster import KMeans

import pandas as pd

# Load your dataset

data = pd.read\_csv('your\_dataset.csv')

# Choose features for segmentation

features = data[['feature1', 'feature2', 'feature3']]

# Specify the number of clusters (you can determine this based on analysis)

 $\underline{\text{num\_clusters}} = 3$ 

# Initialize the KMeans model

<u>kmeans</u> = <u>KMeans(n\_clusters=num\_clusters, random\_state=42)</u>

# Fit the model to the data

kmeans.fit(features)

# Add the cluster labels to the original dataset

# data['cluster\_label'] = kmeans.labels\_

# # Print or visualize the results

print(data[['feature1', 'feature2', 'feature3', 'cluster\_label']])

# **Project Demo Link**

## Demo link:

https://vitapacin.sharepoint.com/:f:/s/Internship849/EmOm8\_JRp15FjawS5jX6p14BxKf3qgIc-xFgdFGJzKNHkw?e=zd777Z