

Feynn Labs

PROJECT REPORT ON
“CUSTOMER SEGMENTATION”
DATA SCIENCE PROJECT

Submitted by – Ashutosh Mishra

ACKNOWLEDGEMENTS

We, take this opportunity to thank one and all involved in helping us build this project. Firstly, we would like to thank the college for providing us an opportunity to work on this project.

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We wish to acknowledge my sincere gratitude to their faculties for their constant encouragement and for providing us with all the facilities required for the accomplishment of this project.

We also, are highly grateful to the guidance offered By staff members who have been very generous in assisting and supporting, to do this project named “**CUSTOMER SEGMENTATION**”, which formally started as just a rough idea and now has resulted in the form of this project.

We also would like to thank all the other teaching and non-teaching staff members who had extended their hand for support and co-operation while bringing up this project.

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ABSTRACT

Customer segmentation is an effective tool for businesses to closely align their strategy and tactics with, and better target, their customers. Every customer is different and every customer journey is different so a single approach often isn't going to work for all. This is where customer segmentation becomes a valuable process. Let's begin with understanding exactly what customer segmentation is

Customer segmentation is the process by which you divide your customers up based on common characteristics – such as demographics or behaviours, so you can market to those customers more effectively.

These customer segmentation groups can also be used to begin discussions of building a marketing persona. This is because customer segmentation is typically used to inform a brand's messaging, positioning and to improve how a business sells – so marketing personas need to be closely aligned to those customer segments in order to be effective.

The marketing “persona” is by definition a personification of a customer segment, and it is not uncommon for businesses to create several personas to match their different customer segments.

But for that to happen, a business needs a robust set of customer segments off of which to base it. Which leads us to the next section, distinguishing the difference between customer segmentation and market segmentation, so that your segmentation is as accurate as possible.

CODE SNIPPET

customer segmentation - Jupyter

localhost:8888/notebooks/customer%20segmentation.ipynb

jupyter customer segmentation Last Checkpoint: 16 hours ago (autosaved)

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Trusted Python 3 (ipykernel)

```
In [ ]: import numpy as np
import pandas as pd
import matplotlib.pyplot as plt
import seaborn as sns

In [4]: df = pd.read_csv("Mall_Customers.csv")

In [5]: df.head()

Out[5]:
```

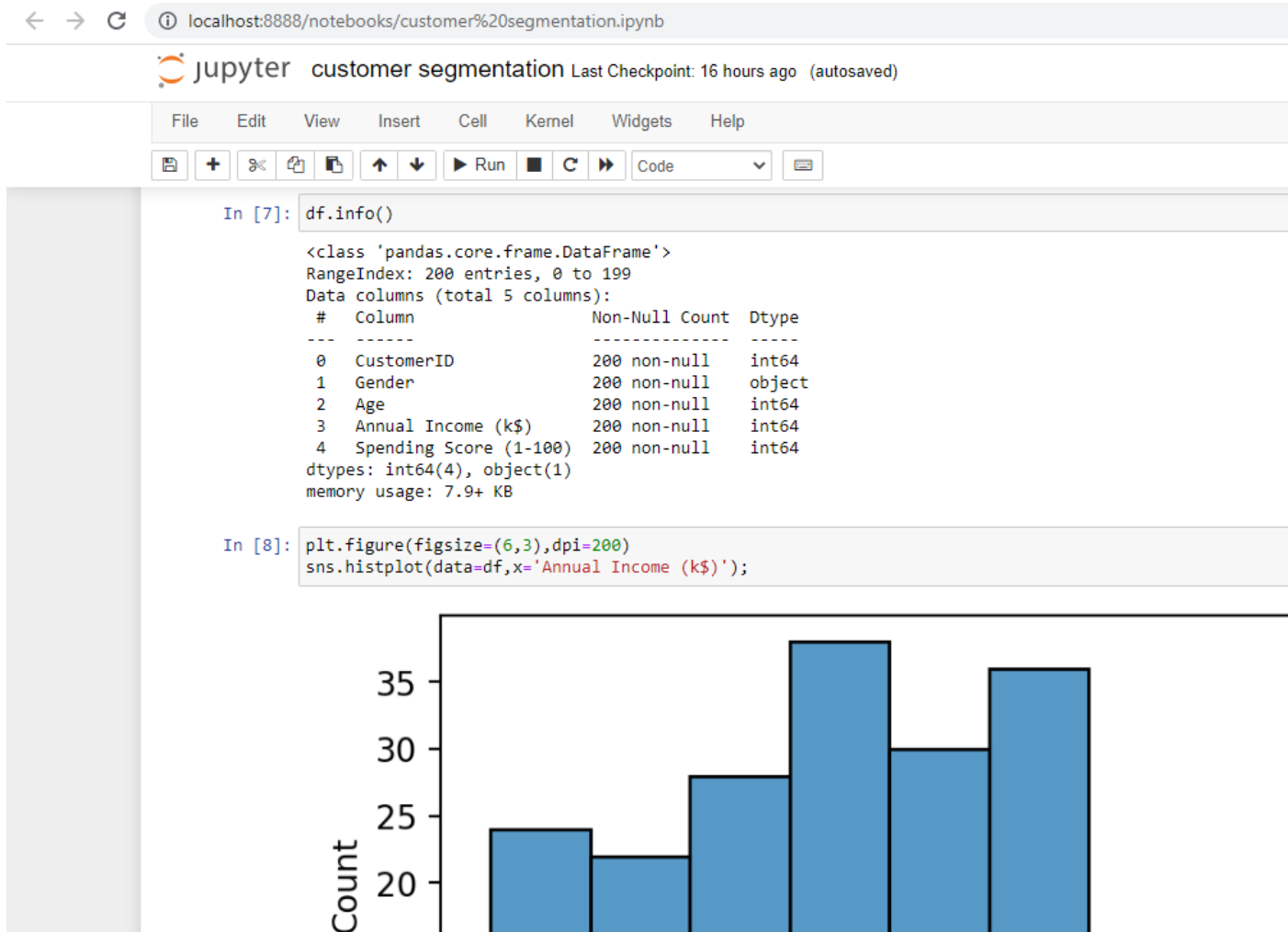
	CustomerID	Gender	Age	Annual Income (k\$)	Spending Score (1-100)
0	1	Male	19	15	39
1	2	Male	21	15	81
2	3	Female	20	16	6
3	4	Female	23	16	77
4	5	Female	31	17	40

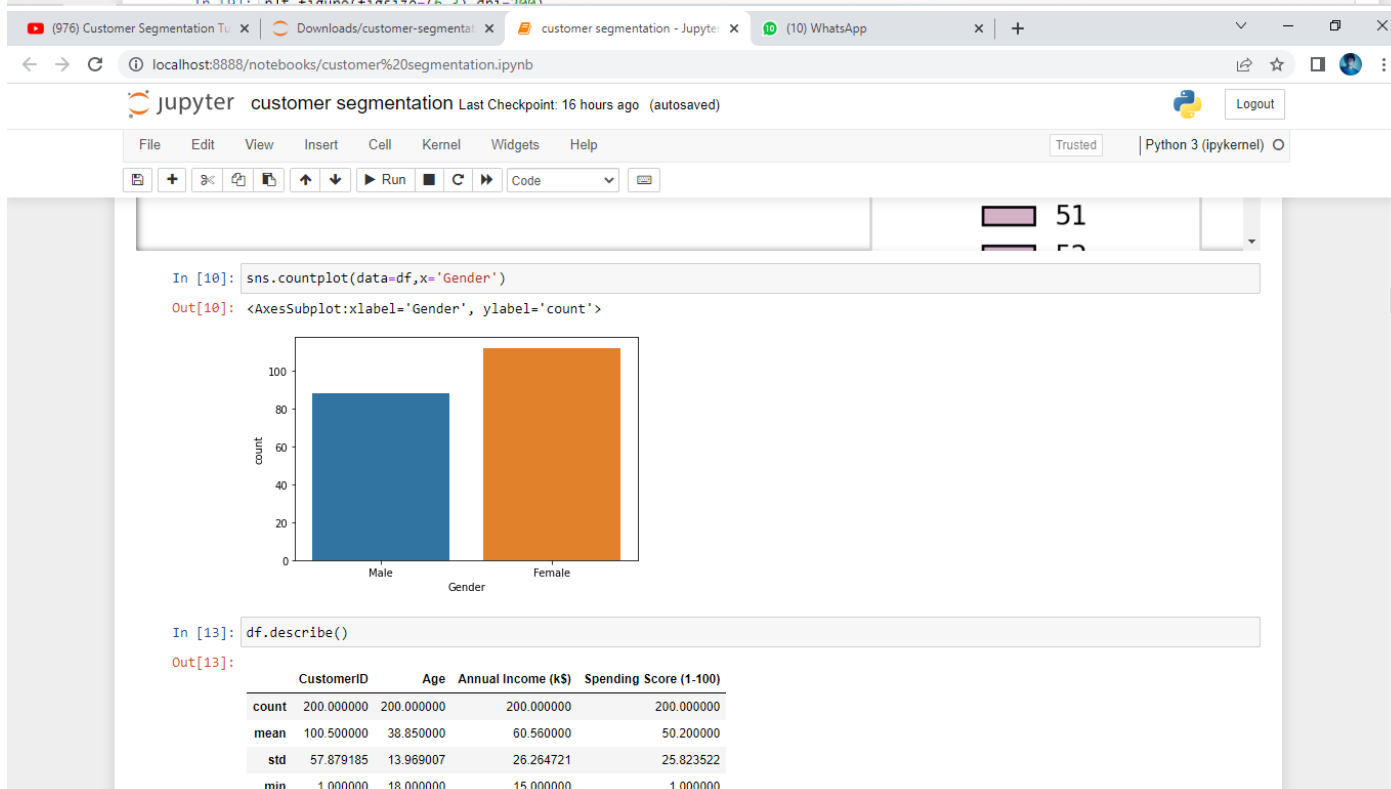
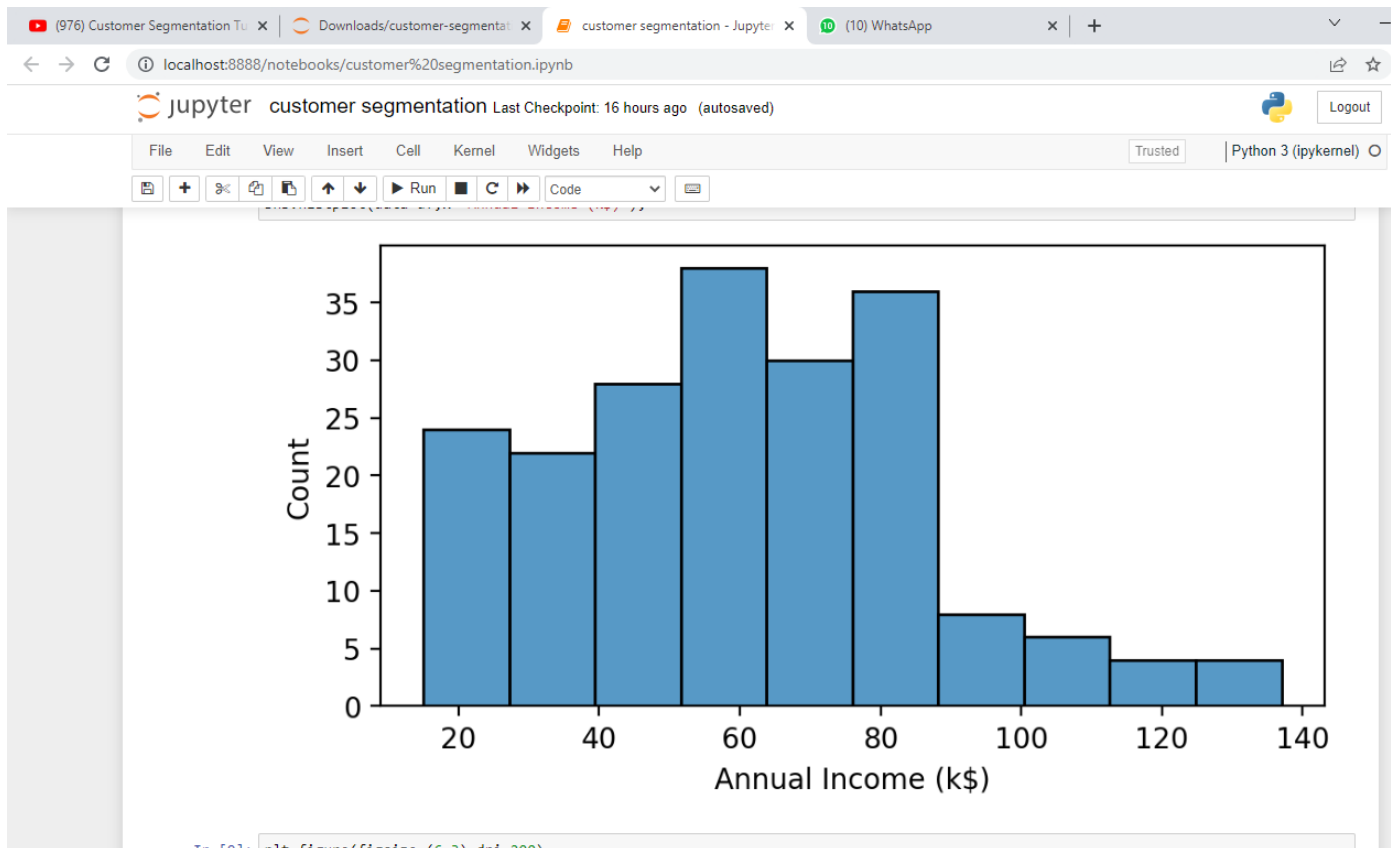
```
In [6]: df.columns

Out[6]: Index(['CustomerID', 'Gender', 'Age', 'Annual Income (k$)',
              'Spending Score (1-100)'],
              dtype='object')

In [7]: df.info()

<class 'pandas.core.frame.DataFrame'>
RangeIndex: 200 entries, 0 to 199
Data columns (total 5 columns):
```





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In [14]: `df.dtypes`

Out[14]:

CustomerID	int64
Gender	object
Age	int64
Annual Income (k\$)	int64
Spending Score (1-100)	int64
dtype:	object

In [20]: `df.isnull().sum()`

Out[20]:

CustomerID	0
Gender	0
Age	0
Annual Income (k\$)	0
Spending Score (1-100)	0
dtype:	int64

In [23]: `df.drop(["CustomerID"],axis=1, inplace=True)`

In [24]: `df.head()`

Out[24]:

	Gender	Age	Annual Income (k\$)	Spending Score (1-100)
0	Male	19	15	39
1	Male	21	15	81
2	Female	20	16	6
3	Female	23	16	77
4	Female	31	17	40

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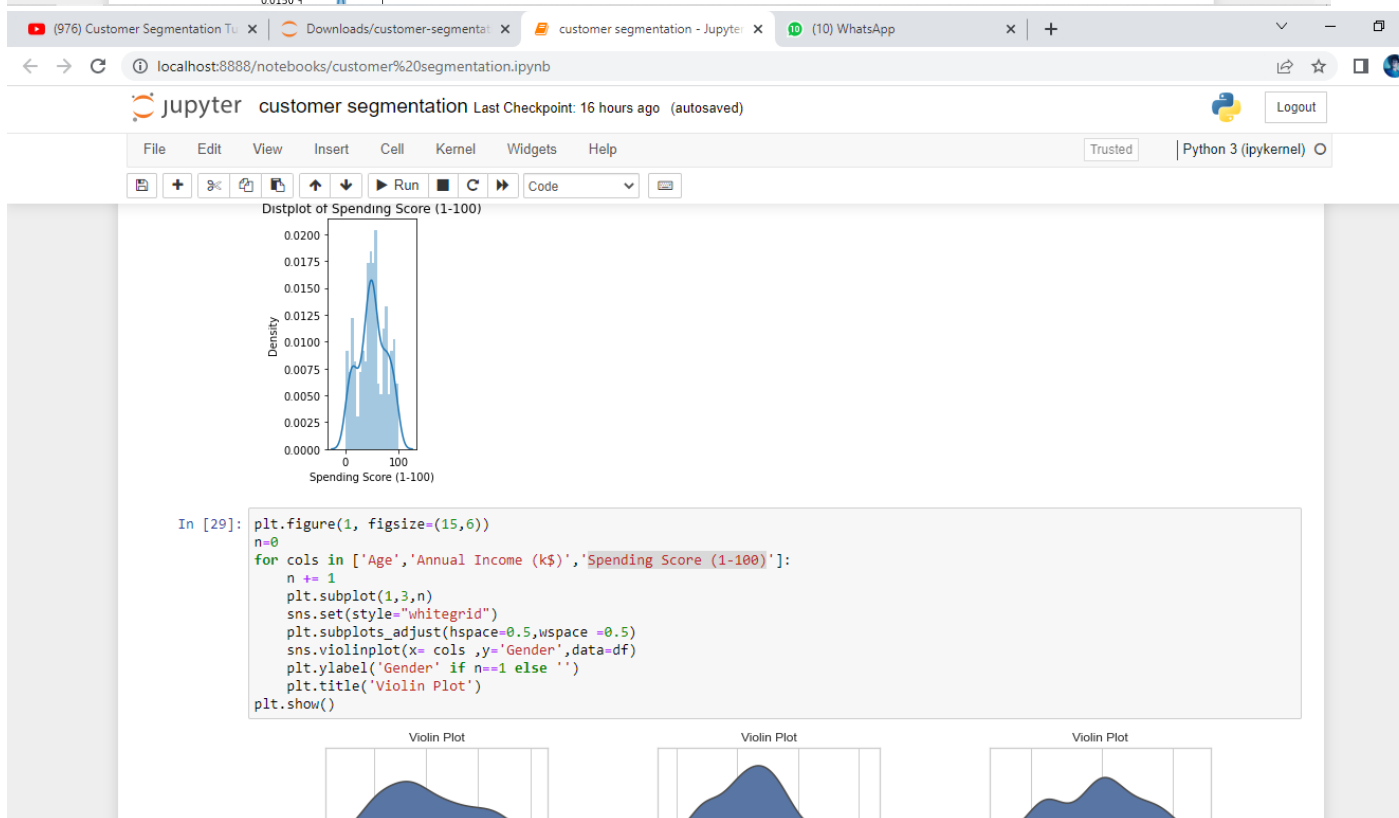
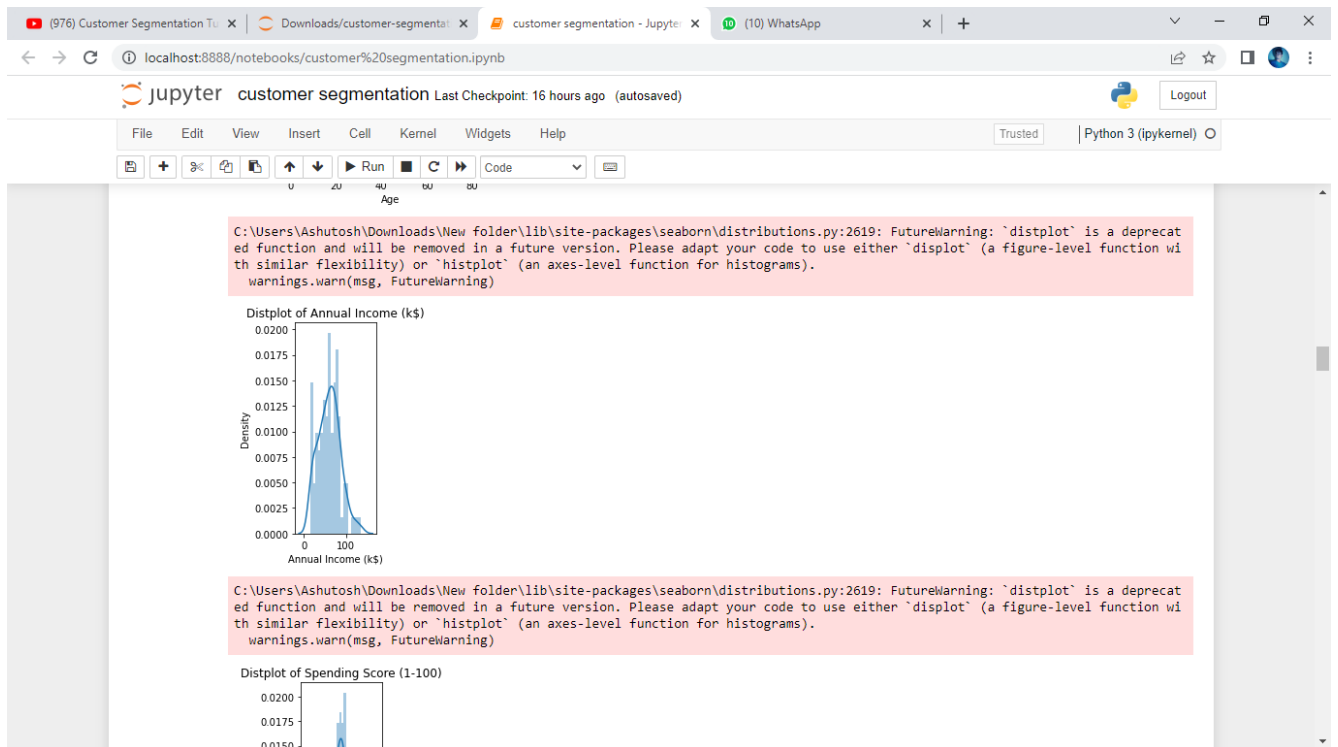
2 Female 20 16 6
3 Female 23 16 77
4 Female 31 17 40

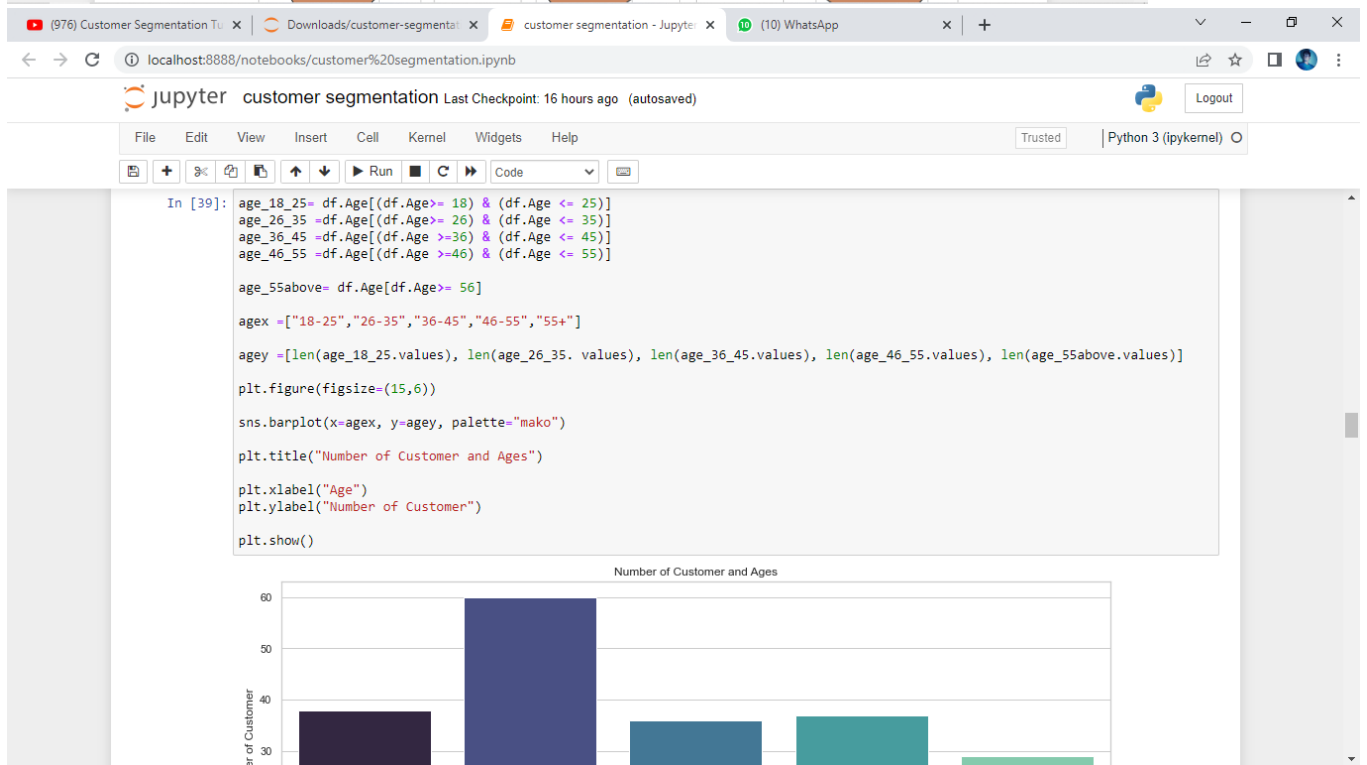
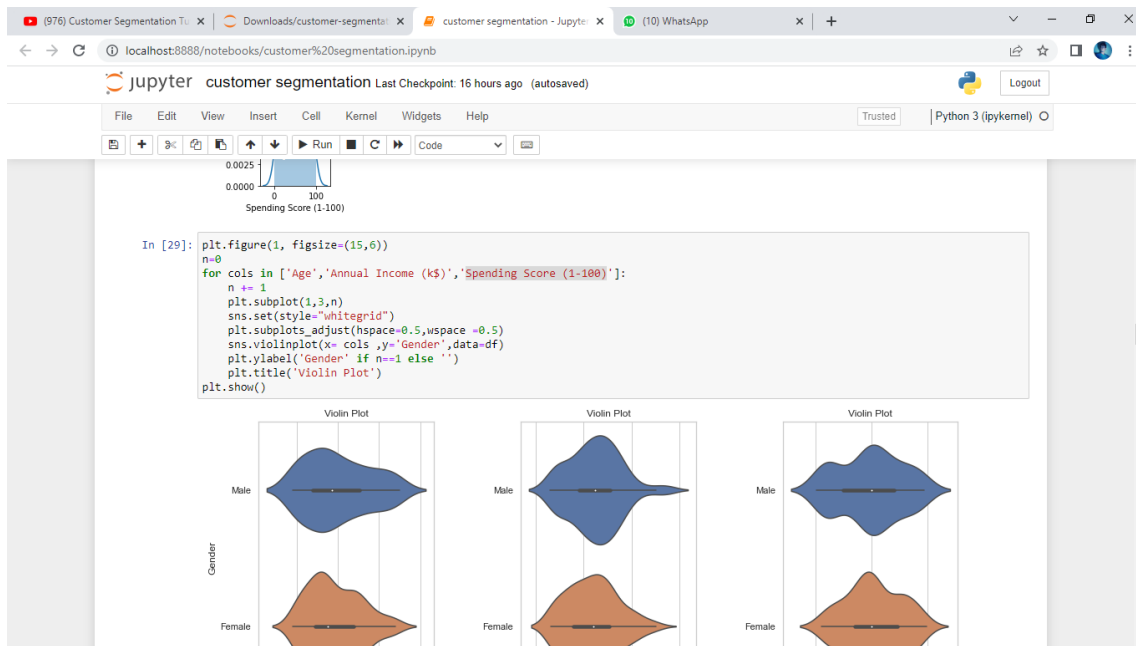
In [25]:

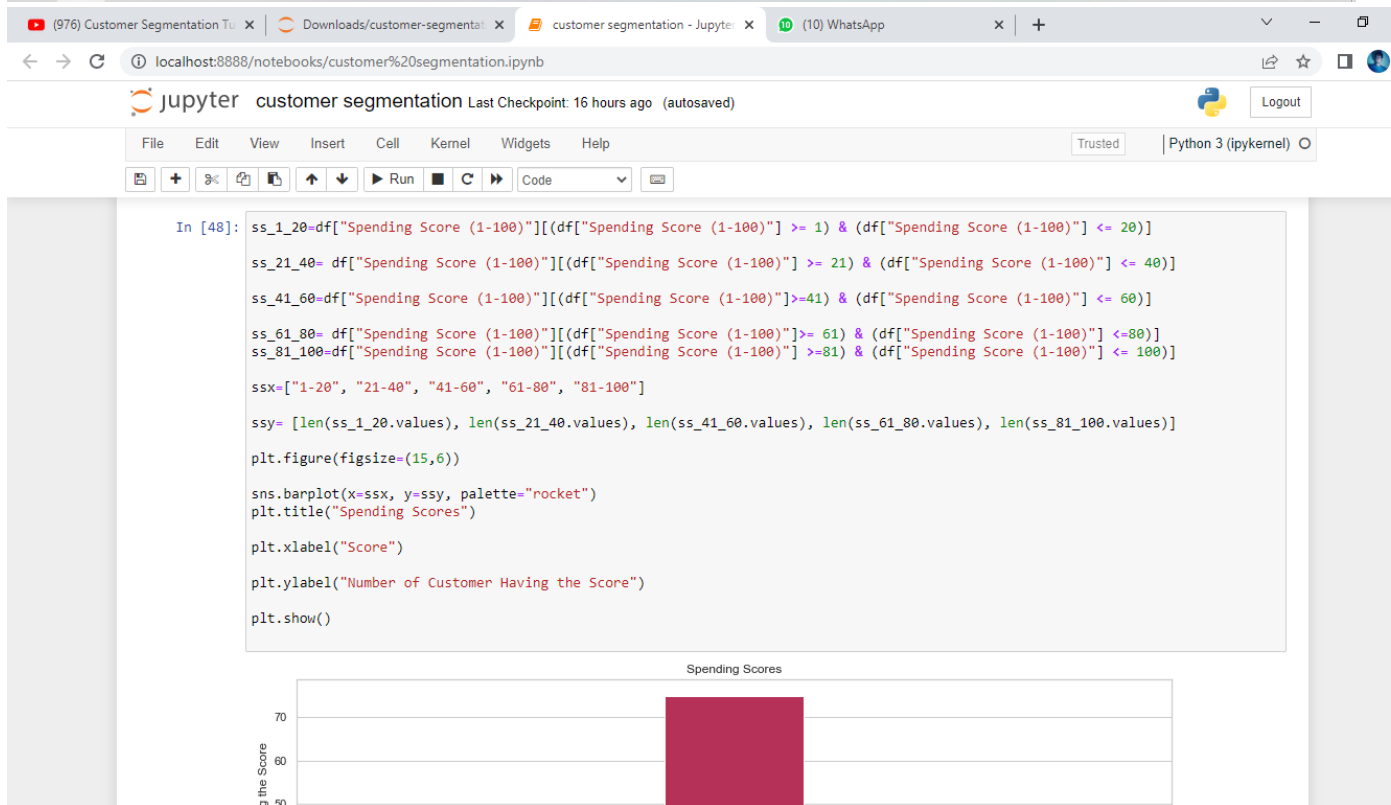
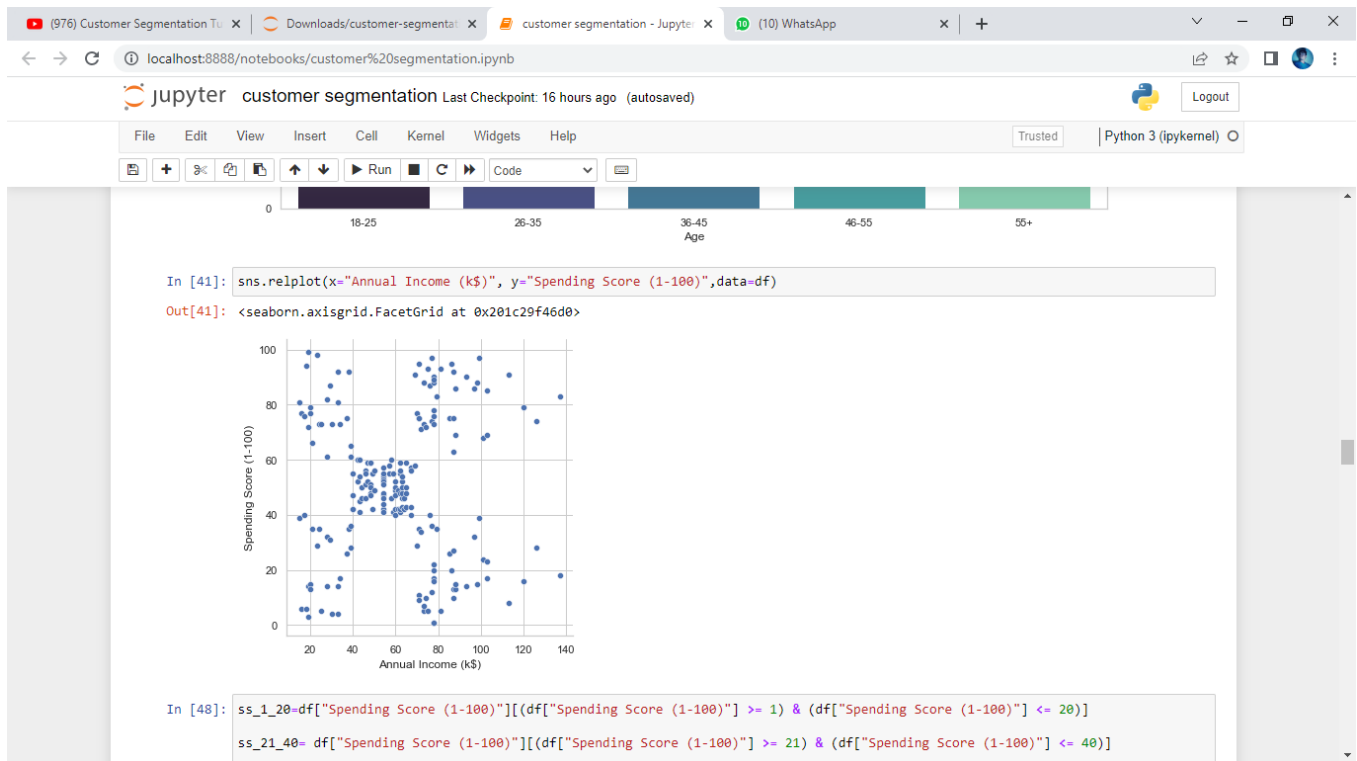
```
plt.figure(1, figsize=(15,6))
n=0
for x in ['Age', 'Annual Income (k$)', 'Spending Score (1-100)']:
    n += 1
    plt.subplot(1,3,n)
    plt.subplots_adjust(hspace=0.5, wspace=0.5)
    sns.distplot(df[x], bins=20)
    plt.title("Distplot of {}".format(x))
plt.show()
```

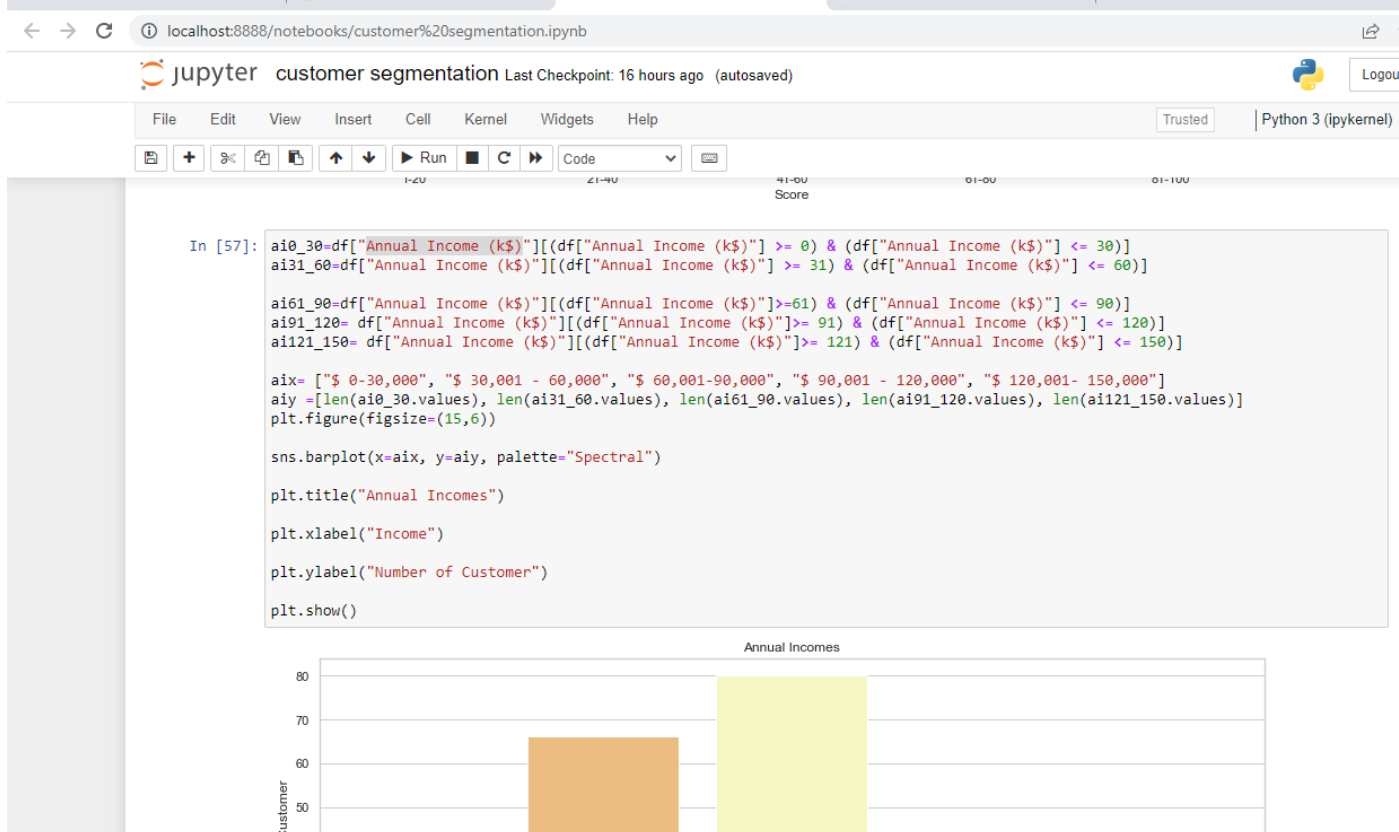
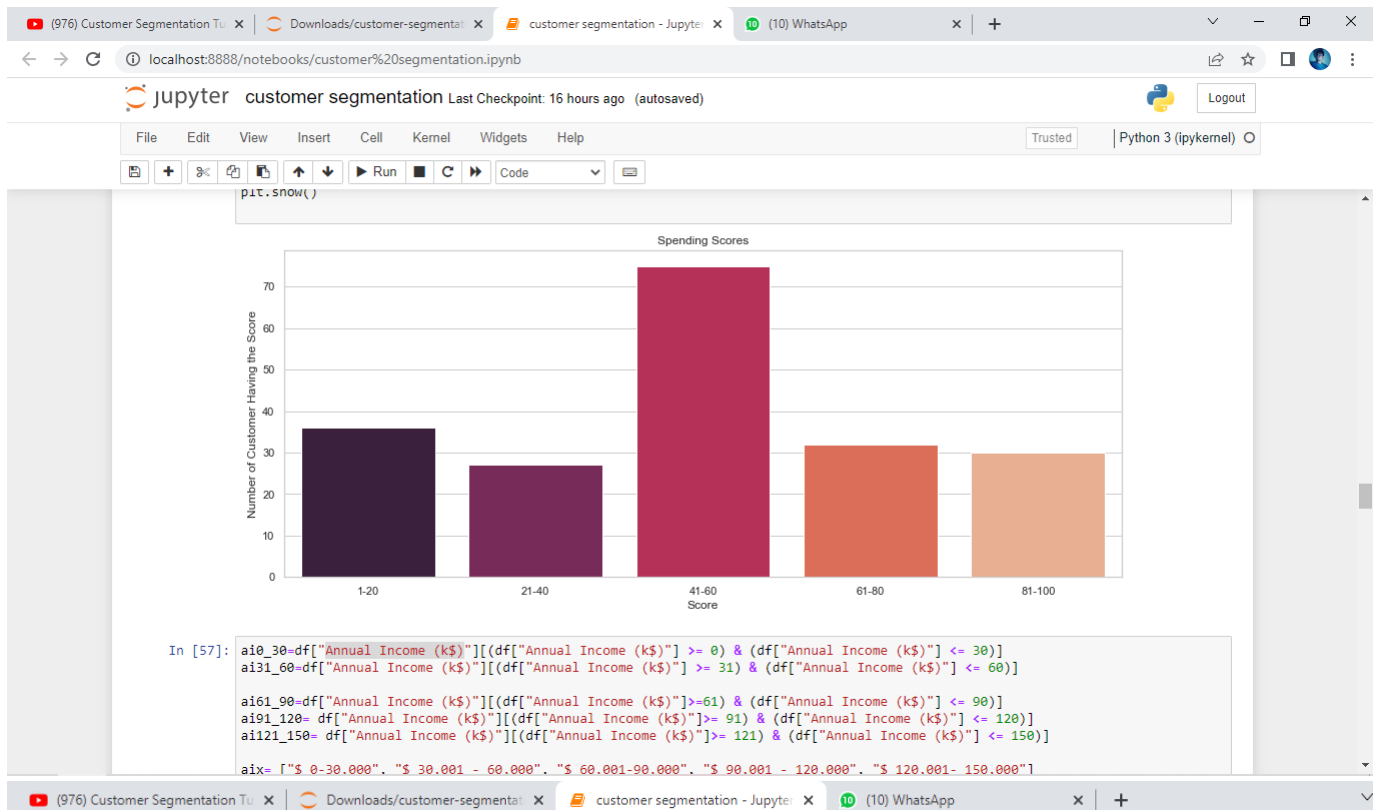
C:\Users\Ashutosh\Downloads\New folder\lib\site-packages\seaborn\distributions.py:2619: FutureWarning: `distplot` is a deprecated function and will be removed in a future version. Please adapt your code to use either `displot` (a figure-level function with similar flexibility) or `histplot` (an axes-level function for histograms).
warnings.warn(msg, FutureWarning)

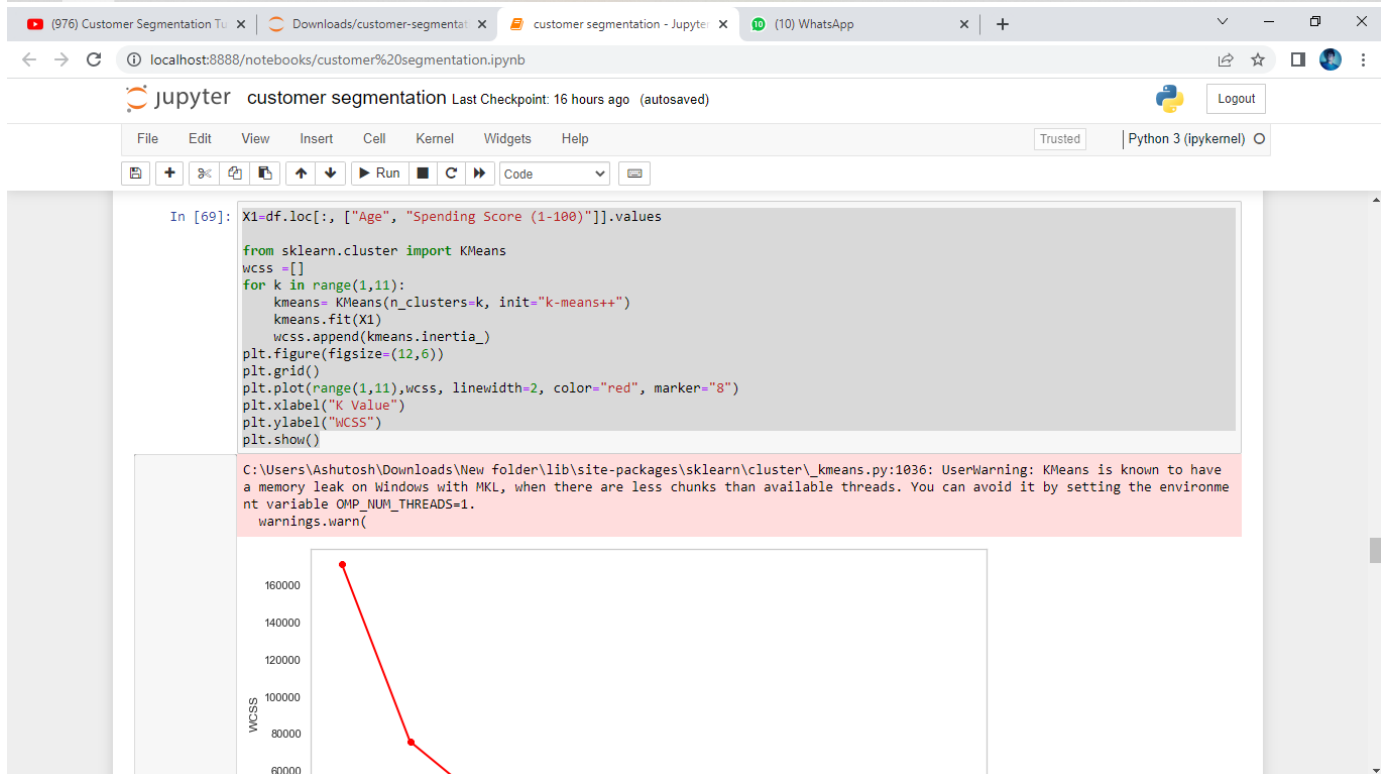
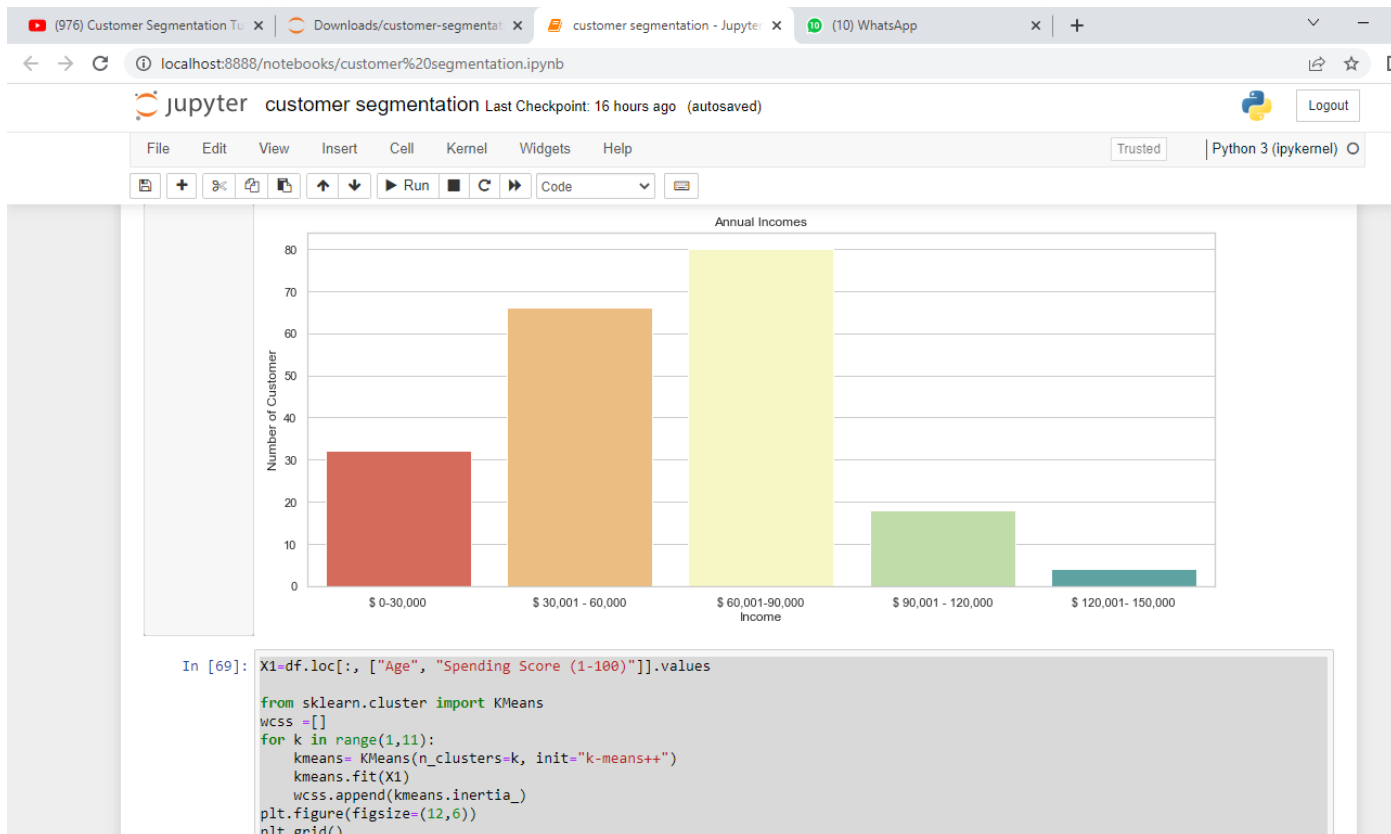
Distplot of Age











customer segmentation - Jupyter: x (10) WhatsApp

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Run Code

K Value

```
In [71]: kmeans = KMeans(n_clusters=4)
label=kmeans.fit_predict(X1)
print(label)
```

```
[3 1 0 1 3 1 0 1 0 1 0 1 0 1 0 1 3 3 0 1 3 1 0 1 0 1 0 3 0 1 0 1 0 1 0 1 0
1 0 1 2 1 2 3 0 3 2 3 3 3 2 2 2 2 2 3 2 2 3 2 2 3 2 2 3 3 2 2 2 2
2 3 2 3 3 2 2 3 2 2 3 2 3 2 3 2 3 2 3 2 3 2 3 2 3 2 3 2 2 2 2
3 3 3 3 2 2 2 3 3 3 1 3 1 2 1 0 1 0 1 3 1 0 1 0 1 0 1 0 1 3 1 0 1 2 1
0 1 0 1 0 1 0 1 0 1 0 1 2 1 0 1 0 1 0 1 0 3 0 1 0 1 0 1 0 1 0 1 0 1 3
1 0 1 0 1 0 1 0 1 0 1 0 1]
```

```
In [72]: print(kmeans.cluster_centers_)
```

```
[[43.29166667 15.02083333]
 [30.1754386  82.35087719]
 [55.70833333 48.22916667]
 [27.61702128 49.14893617]]
```

```
In [74]: plt.scatter(X1[:,0],X1[:,1],c=kmeans.labels_,cmap='rainbow')
plt.scatter(kmeans.cluster_centers_[0,0],kmeans.cluster_centers_[0,1], color="black")

plt.title('Clusters of Customers')

plt.xlabel('age')

plt.ylabel('Spending Score (1-100)')

plt.show()
```

Clusters of Customers

customer segmentation - Jupyter: x (10) WhatsApp

localhost:8888/notebooks/customer%20segmentation.ipynb

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Run Code

plt.show()

Clusters of Customers

```
In [75]: X2=df.loc[:, ["Annual Income (k$)", "Spending Score (1-100)"]].values

from sklearn.cluster import KMeans
wcss = []
for k in range(1,11):
    kmeans = KMeans(n_clusters=k, init="k-means++")
    kmeans.fit(X2)
    wcss.append(kmeans.inertia_)
plt.figure(figsize=(12,6))
plt.grid()
plt.plot(range(1,11),wcss, linewidth=2, color="red", marker="8")
plt.xlabel("K Value")
plt.ylabel("WCSS")
plt.show()
```



```
[[45.2173913 26.30434783 20.91304348]
[43.28205128 55.02564103 49.69230769]
[32.69230769 86.53846154 82.12820513]
[40.32432432 87.43243243 18.18918919]
[25.52173913 26.30434783 78.56521739]]

In [84]: clusters=kmeans.fit_predict(X3)
df["label"] = clusters

from mpl_toolkits.mplot3d import Axes3D
fig=plt.figure(figsize=(20,10))
ax=fig.add_subplot(111, projection='3d')

ax.scatter(df.Age[df.label==0], df["Annual Income (k$)"][df.label== 0], df["Spending Score (1-100)"][df.label== 0], c='blue', s=60)
ax.scatter(df.Age[df.label==1], df["Annual Income (k$)"][df.label== 1], df["Spending Score (1-100)"][df.label== 1], c='red', s=60)
ax.scatter(df.Age[df.label==2], df["Annual Income (k$)"][df.label== 2], df["Spending Score (1-100)"][df.label== 2], c='green', s=60)
ax.scatter(df.Age[df.label==3], df["Annual Income (k$)"][df.label== 3], df["Spending Score (1-100)"][df.label== 3], c='orange', s=60)
ax.scatter(df.Age[df.label==4], df["Annual Income (k$)"][df.label== 4], df["Spending Score (1-100)"][df.label== 4], c='purple', s=60)

ax.view_init(30, 185)

plt.xlabel("Age")
plt.ylabel("Annual Income (k$)")
ax.set_zlabel('Spending Score (1-100)')

plt.show()
```

