

K-means & K-medoid clustering in product segmentation: ASDS 6303 Final Project

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Loading the dataset

```
product_data = read_excel('./dataset/sku_data.xlsx')
kable(head(product_data),
      booktabs = TRUE,
      format = "latex",
      caption = "Dataset head") %>% kable_styling(latex_options = "hold_position")
```

Table 1: Dataset head

| ID | Unitprice | Expire date | Outbound number | Total outbound | Pal grossweight | Pal height | Units per pal |
|----|-----------|-------------|-----------------|----------------|-----------------|------------|---------------|
| 1 | 0.058 | 547 | 9 | 2441 | 105.60 | 1.56 | 1920 |
| 2 | 0.954 | 547 | 0 | 0 | 207.68 | 1.00 | 384 |
| 3 | 2.385 | 547 | 12 | 23 | 165.78 | 1.02 | 108 |
| 4 | 5.100 | 547 | 0 | 0 | 221.04 | 1.05 | 72 |
| 5 | 0.000 | 547 | 0 | 0 | 0.00 | 0.00 | 0 |
| 6 | 1.110 | 547 | 1 | 1 | 207.68 | 1.00 | 384 |

```
summary(product_data)
```

```
##           ID           Unitprice           Expire date           Outbound number
## Min.      : 1.0      Min.      : 0.000      Min.      : 0.0      Min.      : 0
## 1st Qu.: 570.5      1st Qu.: 0.000      1st Qu.:365.0      1st Qu.: 0
## Median :1140.0      Median : 1.294      Median :547.0      Median : 1
## Mean     :1140.0      Mean     : 4.269      Mean     :410.4      Mean     : 236
## 3rd Qu.:1709.5      3rd Qu.: 4.545      3rd Qu.:547.0      3rd Qu.: 45
## Max.     :2279.0      Max.     :518.592      Max.     :734.0      Max.     :6325
## Total outbound      Pal grossweight      Pal height      Units per pal
## Min.      : 0.0      Min.      : 0.0      Min.      :0.0000      Min.      : 0.0
## 1st Qu.: 0.0      1st Qu.: 60.0      1st Qu.:0.0000      1st Qu.: 32.0
## Median : 3.0      Median :167.7      Median :0.8400      Median : 108.0
## Mean     : 731.7      Mean     :192.9      Mean     :0.6728      Mean     : 755.6
## 3rd Qu.: 419.5      3rd Qu.:277.6      3rd Qu.:1.0200      3rd Qu.: 384.0
## Max.     :26411.0      Max.     :907.2      Max.     :2.1600      Max.     :200000.0
```

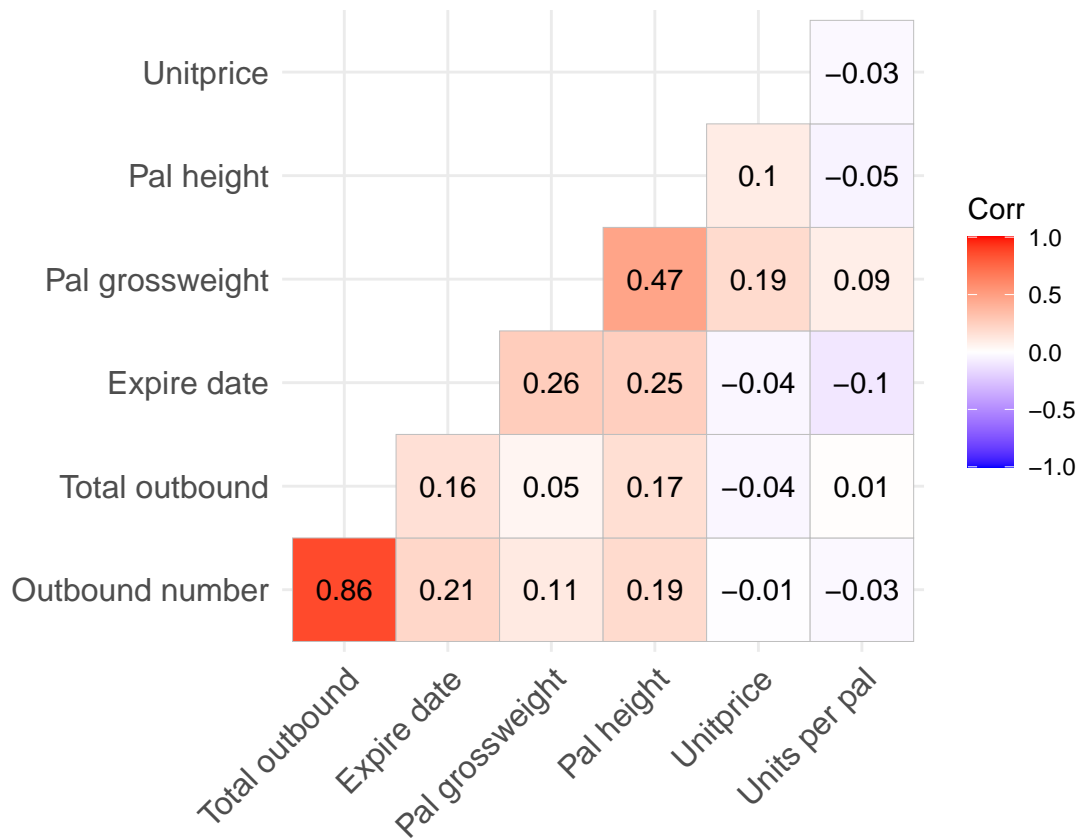
```
product_data <- select(product_data, -c("ID"))
```

Checking correlation

```
library(ggcorrplot)
```

```
## Warning: package 'ggcorrplot' was built under R version 4.3.2
```

```
correlation = cor(product_data)
ggcorrplot(correlation, hc.order = TRUE, type = "lower",
  lab = TRUE)
```



Let's only consider the Outbound number and Total outbound features in our dataset to perform the clustering, due to high correlation.

```
product_subset <- select(product_data, c("Outbound number", "Total outbound"))
```

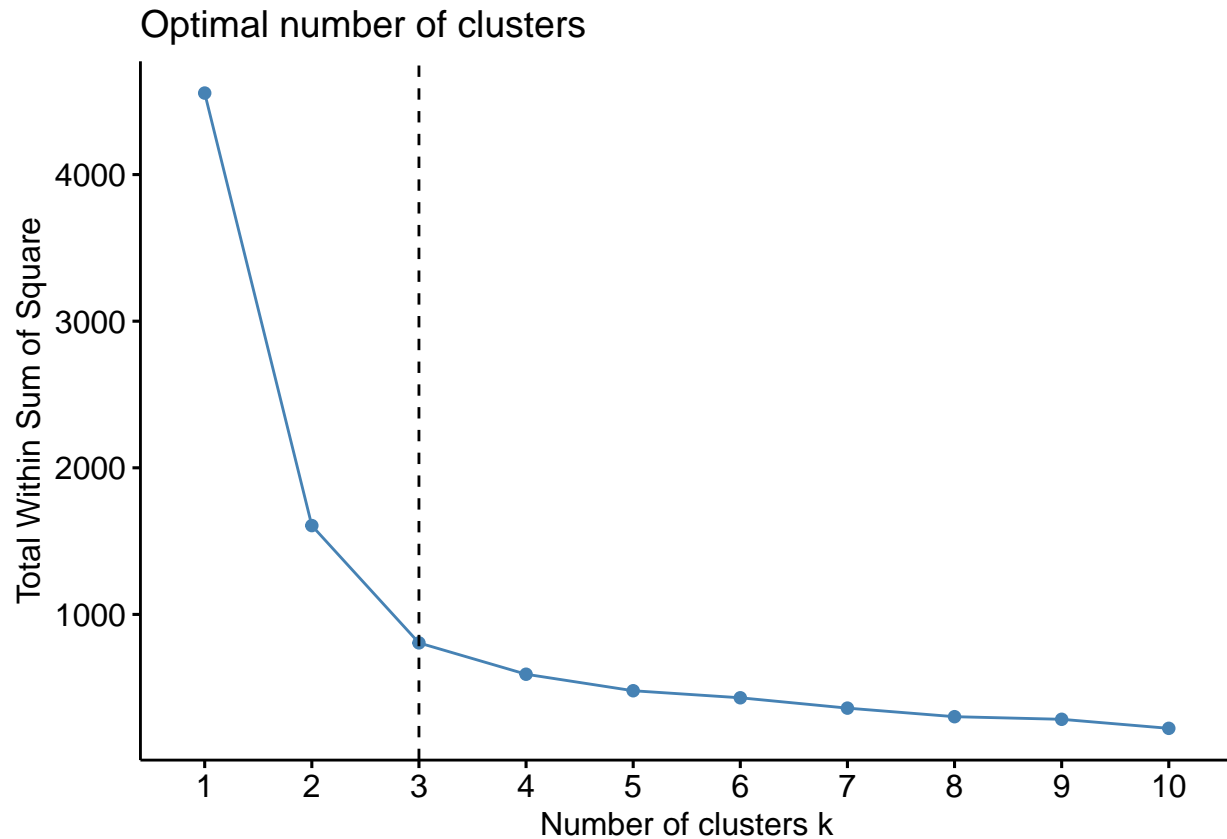
Scaling data

```
product_subset_scaled = scale(product_subset)
```

K-means clustering

Checking a scree-plot for the ideal number of clusters, we see:

```
fviz_nbclust(product_subset_scaled, kmeans, method = "wss") +  
geom_vline(xintercept = 3, linetype = 2)
```



```
set.seed(8093)  
model.kmeans <- kmeans(product_subset_scaled, nstart = 20, centers = 3)  
print(model.kmeans)
```

```
## K-means clustering with 3 clusters of sizes 34, 173, 2072
```

```
##
```

```
## Cluster means:
```

```
## Outbound number Total outbound
```

```
## 1 5.679717 6.3389854
```

```
## 2 1.971275 1.4644906
```

```
## 3 -0.257790 -0.2262946
```

```
##
```

```
## Clustering vector:
```

```
## [1] 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
```

```
## [38] 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
```

```
## [75] 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
```

```
## [112] 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
```

```
## [149] 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
```

```
## [186] 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
```

```
## [223] 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
```

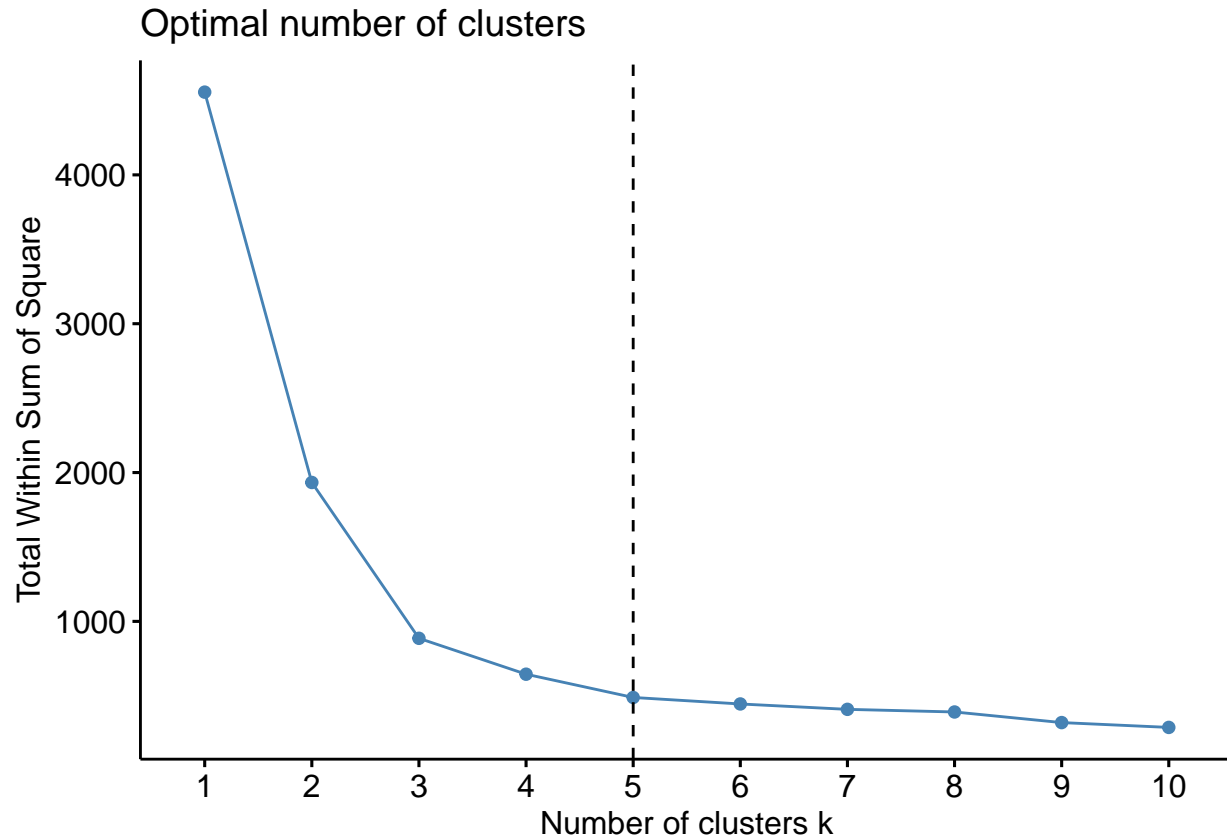
```
## [260] 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
```

```
## [297] 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
```

```
## [334] 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
```


Visualizing the ideal number of clusters for **pam** (k-medoid clustering) using **fvz_nbclust**:

```
fviz_nbclust(product_subset_scaled, pam, method = "wss") +  
  geom_vline(xintercept = 5, linetype = 2)
```



It appears that k-medoid clustering for the same product-data does best with 5 clusters. Performing clustering with 5 clusters:

```
set.seed(8093)
model.kmedoid <- pam(product_subset_scaled, k = 5)
model.kmedoid
```

```
## Medoids:
##      ID Outbound number Total outbound
## [1,] 1325      0.1499844      0.1320107
## [2,]    2     -0.3369980     -0.3409557
## [3,] 1980      1.2710435      0.7722628
## [4,] 1195      5.7409990      6.0210248
## [5,] 1364      3.0133265      2.0867832
## Clustering vector:
##      [1] 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 1 2 2 2 2 2 2 2 2 2
##      [38] 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 1 2 2 2 2 2 2 2 2 2 2
##      [75] 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
##     [112] 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
##     [149] 2 2 2 2 2 2 2 2 2 2 2 1 2 2 2 2 2 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
##     [186] 1 2 2 2 2 2 2 1 2 2 2 2 2 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
```

| | | | | | | | | | | | | | | | | | | | | | | | |
|----|--------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ## | [223] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| ## | [260] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [297] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [334] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [371] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [408] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [445] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [482] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [519] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [556] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [593] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [630] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [667] | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 2 | 2 | |
| ## | [704] | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [741] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [778] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [815] | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 1 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [852] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 2 | 2 | 1 | 2 | 2 | 2 | |
| ## | [889] | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [926] | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [963] | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 2 | 2 | 2 | 2 | |
| ## | [1000] | 1 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [1037] | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| ## | [1074] | 2 | 2 | 2 | 2 | 1 | 1 | 2 | 2 | 1 | 2 | 2 | 1 | 1 | 2 | 3 | 2 | 1 | 2 | 1 | 1 | 2 | |
| ## | [1111] | 2 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 2 | 1 | |
| ## | [1148] | 1 | 2 | 2 | 2 | 2 | 1 | 2 | 1 | 2 | 2 | 2 | 1 | 4 | 3 | 2 | 2 | 4 | 2 | 5 | 1 | 5 | |
| ## | [1185] | 5 | 4 | 5 | 5 | 3 | 4 | 4 | 5 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 5 | 4 | 4 | 4 | 5 | 1 | |
| ## | [1222] | 3 | 2 | 2 | 1 | 1 | 3 | 1 | 1 | 5 | 5 | 1 | 1 | 2 | 1 | 3 | 1 | 3 | 1 | 5 | 2 | 2 | |
| ## | [1259] | 1 | 1 | 2 | 3 | 2 | | | | | | | | | | | | | | | | | |

| cluster | Unitprice | Expire date | Outbound number | Total outbound | Pal grossweight | Pal height | Units per pal |
|---------|-----------|-------------|-----------------|----------------|-----------------|------------|---------------|
| 1 | 4.079924 | 468.8511 | 273.70922 | 1317.3794 | 228.9536 | 0.9068972 | 1633.4681 |
| 2 | 4.402425 | 381.2756 | 11.01358 | 55.2077 | 180.2633 | 0.5913531 | 680.7040 |
| 3 | 4.216886 | 552.6591 | 1129.59091 | 2706.6818 | 258.6896 | 1.0346970 | 237.7652 |
| 4 | 1.944063 | 569.9375 | 4257.06250 | 14698.8750 | 209.1037 | 0.9628125 | 312.1250 |
| 5 | 2.750076 | 577.5455 | 2360.77273 | 5618.9045 | 239.1029 | 0.9886364 | 259.3030 |

```
## [2221] 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 1 1 2 2 2 1 2 1 1 2 2 2 2 2 2 2 2 2 2 2
## [2258] 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 1
## Objective function:
##      build      swap
## 0.1805800 0.1718847
##
## Available components:
## [1] "medoids"      "id.med"      "clustering"  "objective"   "isolation"
## [6] "clusinfo"    "silinfo"    "diss"        "call"        "data"
```

Aggregating cluster characteristics

```
kable(aggregate(product_data, by=list(cluster=model.kmedoid$cluster), mean),
      format = "latex",
      booktabs = TRUE) %>% kable_styling(position="center")
```

```
fviz_cluster(model.kmedoid, product_subset_scaled)
```

