



EBOOK ILLUSTRATION

**A GUIDE TO NUMBERSBRIGHT
DATA ANALYTICS**

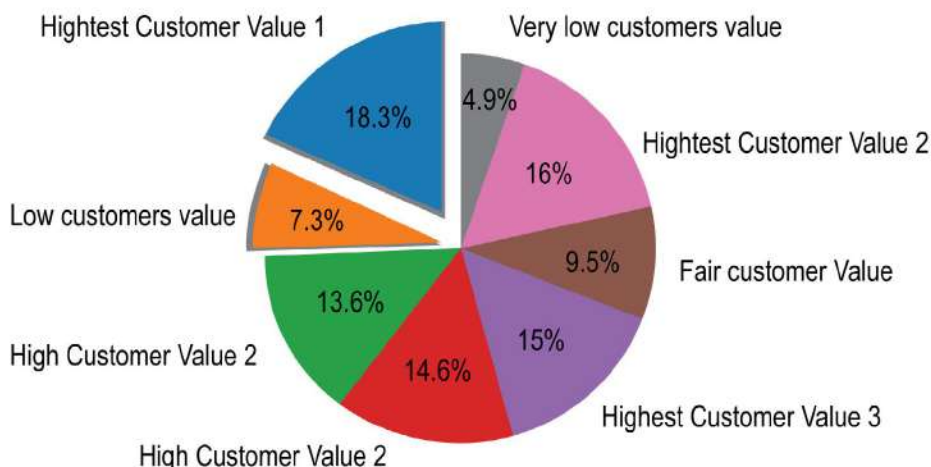
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PRODUCT SEGMENTATION

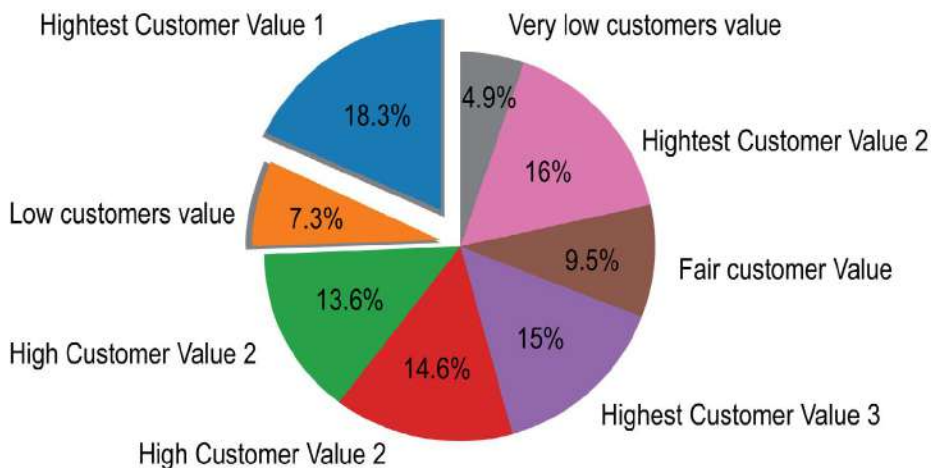
IDENTIFYING CUSTOMER SEGMENT BASED ON PRODUCT IDENTIFICATION

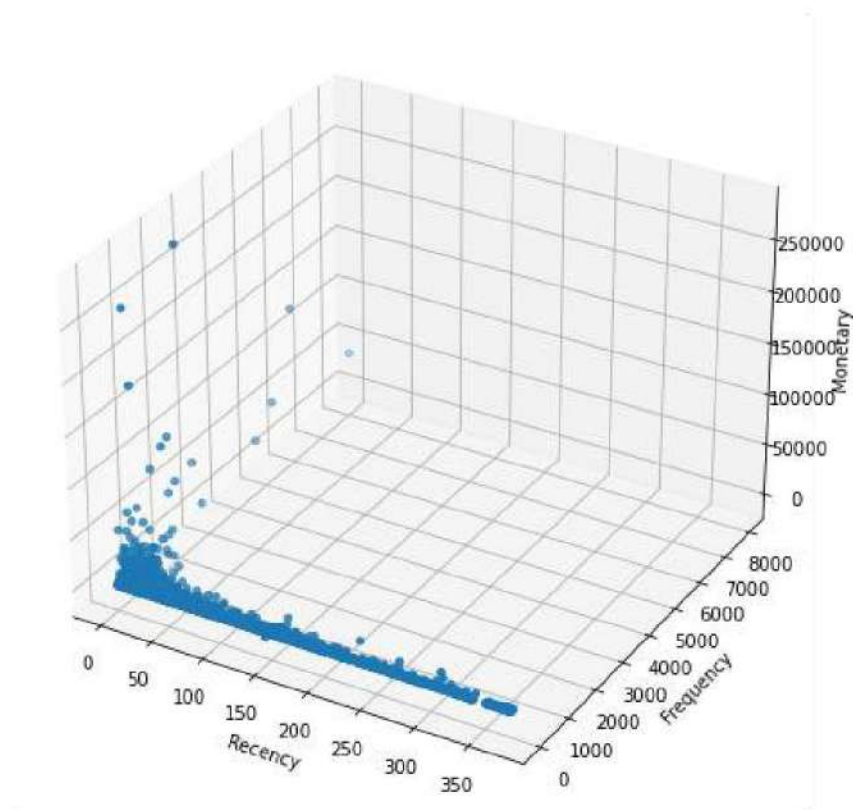
Product identification is the key to developing valuable business strategies. In most cases, an increase in product purchase value would significantly increase customer value.

PRODUCT PURCHASE VALUE



CUSTOMER VALUE

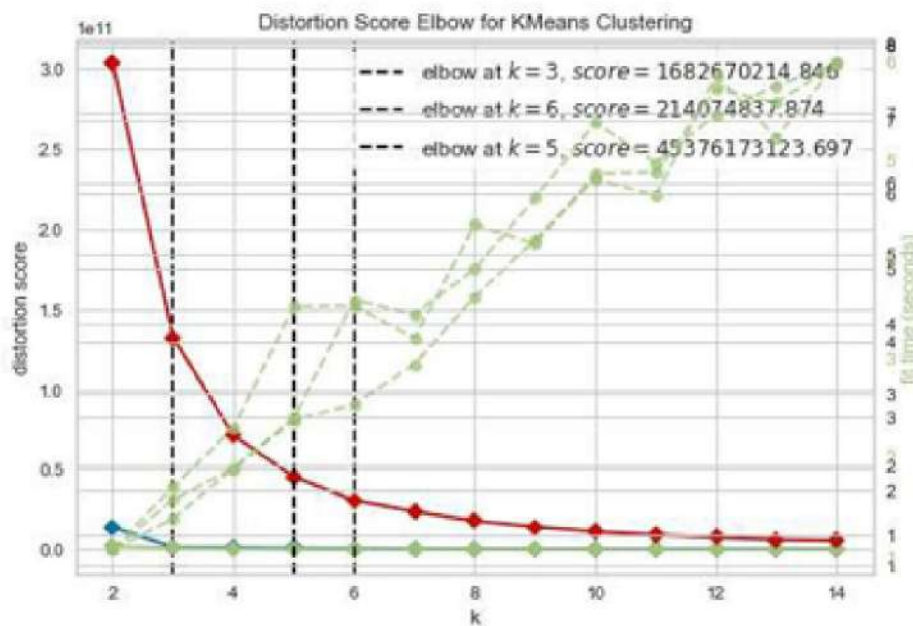




At Numbersbright, we begin by identifying the customer value by calculating:

- » **Recency:** What did you buy and when did you buy?
- » **Frequency:** How often did you buy this product?
- » **Monetary Recency:** How much do you spend on each purchase? What did you buy and when did you buy it? Frequency: How often did you buy this product? Monetary: How much do you spend on each purchase? As mentioned earlier, three fundamental questions are essential to set up a customer segment, but they alone do not provide enough information to develop the customer segment adequately.

DETERMINE CLUSTERS SUFFICIENTLY RELIABLE FOR EACH CASE

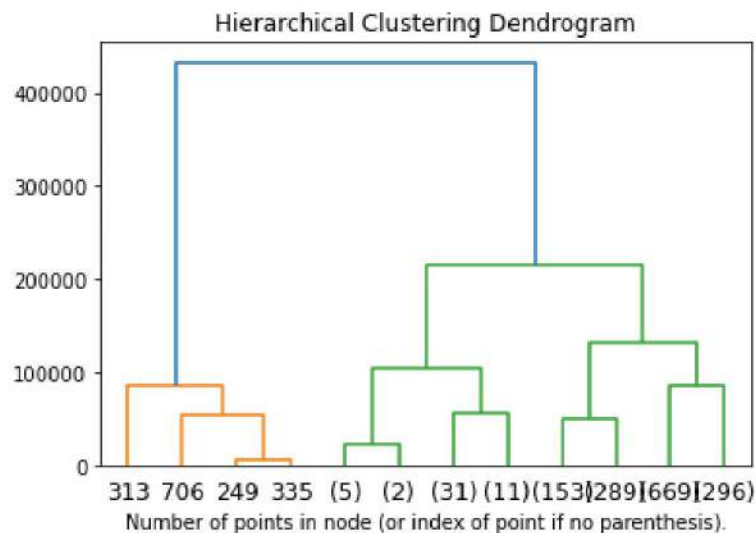


To develop the product segment, at Numbersbright, we use reliable algorithms that compute the similarity between an object in one cluster contrasting with another cluster. for instance, there are three features show by vertical discontinued points in the graph above. Hence, when $k=3$, it means 3 clusters. In other words, there are the most important subgroup into this feature that Numbersbright will use for any product segmentation.

segmentation

HIERARCHICAL RELATIONSHIP AND FINDING PRODUCTS SEGMENTS

At Numbersbright, we go further than just customer segment and product segment identification but the most profound understanding of the products or services offered by wholesale, retail, and services sectors.



Even after determining clusters and identifying several clusters coming from different features like products, prices, or invoices ID, we still don't know how sub-clusters are organized inside each feature. For this, we at Numbersbright utilize a robust algorithm that clearly shows segments inside each cluster feature and illustrates the relationship between different clusters like customer behavior and psychographic.