CUSTOMER SEGMENTATION WITH ML & AI

The distribution across the centroids (or the clusters). Each color is a different cluster. The y-axis indicates the deviation from the median value. We can see that there are some significant outliers.

Data from clusters can be represented in stacked bar charts like the ones shown above. Each cluster has slightly different proportions of features enabled.

Exploratory Data Analysis, or EDA for short, is the process of performing initial investigations on a given dataset. Our team would first attempt to spot anomalies within the dataset, which is typically indicated by a drastic jump in the policy face amount on an irregular policy plan pairing. Then divide the data into specific groups so that the outputs produce meaningful results. Then, we would try to produce reasons for the discrepancies, construct stories for why people may choose to make their policies this way, and report our findings.

In order to maximize the effectiveness of our research, we need to spot connections that are too difficult to see manually. That's why we apply various machine learning algorithms. As we are given tens of thousands of JSON files, our top priority was to process these data into something more manageable. Using pandas, we converted all these files into a single CSV. Applying the KNN algorithm, we could estimate values to replace missing information. Finally, utilizing a combination of K-protoype and the Knee-locator programs, we could form groups of policies with varying characteristics. Each of the “clusters” shares unique similarities, which can be further examined to find powerful connections.

We can choose which variables we want to focus on during the clustering by artificially raising the “importance” value of that said variable. If we wanted to measure the impact of LTC (a certain type of feature) on the average premium amount, we could raise the LTC’s value and observe the premium average change, thus determining whether these two variables are closely connected. Additionally, by creating smaller groups prior to the cluster formation, we can get a more detailed output for the data. For example, if we restrict the data stream to only a certain product, we can then apply the clustering techniques and find connections within the product only. We also created a locally-hosted web application with Flask to graph the differences between 2 JSON files. Given enough time for development, the goal for this program is to compare any 2 data streams at the user’s convenience.