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# Analysis of Data Mining Using K-Means Clustering Algorithm for Product Grouping

[1]chilakala Hari Krishna, [2] Dr.J.Vanitha Vani, [3] Chejarla Ravi

**Abstract:**

Rizki Barokah Store is one of the stores that every day sell a variety of basic materials of daily necessities such as food, drinks, snacks, toiletries, and so on. However, some problems occur in the Rizki Barokah Store is often a build-up of product stocks that resulted in the product has expired.This is due to an error in making decisions on the product stock. In addition to these problems, with the amount of sales data stored on the database, the store has not done data mining and grouping to know the potential of the product. Whereas data-processing technology can already be done using data mining techniques. To overcome the period of the land, the technique used in data mining with the clustering method using the algorithm K-means. With the use of these techniques, the purpose of this research is to grouping products based on products of interest and less interest, advise on the stock of products, and know the products of interest and less demand.

***Keywords:*** **Data mining; K-Means Algorithm; Clustering; Stock.**

## I. Introduction:

Rizki Barokah Store, situated at Jalan Brigadir 17 No. 47 RT 001 RW 001, Rempoah Village, Baturraden District, is a prominent retail establishment dealing in a diverse range of daily essentials, including groceries, beverages, snacks, and personal care items. Its inception dates back to February 2018, and over the years, the store has amassed a substantial volume of sales data. Despite this, the data remains largely unprocessed and fails to yield actionable insights.

The store encounters a recurring issue of stockpiling expired products, a consequence of challenges in returning such items to the distributors. Mismanagement of inventory poses financial setbacks as expired products do not contribute to the store's profitability. Notably, between August 2018 and March 2019, the store accumulated 426 expired products.

Regrettably, the store has yet to leverage its sales data for comprehensive market analysis and optimization. However, the potential lies in employing data mining techniques, particularly the K-means clustering algorithm, to categorize products based on popularity and demand. By implementing this approach, the Rizki Barokah Store aims to streamline product stock management effectively. The K-means algorithm, known for its simplicity, speed, and adaptability, holds considerable promise in illuminating hidden patterns within the store's extensive data repository.

[1]Assoc.Professor, Department of CSE, Rise Krishna Sai Gandhi Group of Institutions,
[2]Assoc.Professor, Department of CSE, Rise Krishna Sai Gandhi Group of Institutions,
[3]Asst. Professor, Department of CSE, Rise Krishna Sai Gandhi Group of Institutions.

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## I. Literature Review:

### *Stock*

As mentioned in reference [8], the term "stock of goods" refers to the inventory of items owned by an organization that are intended for sale within a specific business period. This can include products readily available for sale or those in the production pipeline, awaiting further processing or the utilization of raw materials. On the other hand, "supply of goods," as per definitions in references [9] and [10], pertains to the procurement of goods by a company for the purpose of resale or for integration into the production process.

### *Data Mining*

Data mining entails employing one or more computer learning techniques, such as machine learning, to automatically scrutinize and extract valuable insights, as outlined in reference. It can also be described as induction-based learning, wherein the generation of comprehensive concept definitions is achieved by analyzing specific examples of the concepts under study. Knowledge Discovery in Databases (KDD) serves as the practical application of scientific methodologies in the field of data mining, as cited in reference [12]. In this context, data mining represents a crucial step within the KDD process The representation of the data mining process, incorporating the Knowledge Discovery in Databases (KDD) approach, is illustrated in Figure 1, as indicated below:

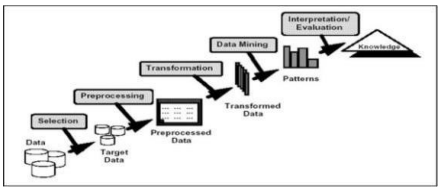


**Fig 1.** Knowledge Discovery In Databases (KDD) Process

a. Understand your app's domain to know and dig new knowledge and what your users are aiming for.
b. Create a target data set that includes picking data and focusing on sub-sets of data.
c. Data cleaning and transformation include noise elimination, outliers, missing values, and dimensional reduction and feature selection.
d. The use of data mining algorithms consisting of associations, sequences, classification, classifications, etc.
e. Interpretation, evaluation, and visualization of patterns to see if something is new and exciting and done if needed.

### *Clustering*

Clustering is also known as segmentation. This method is used to identify the natural group of a case based on an attribute group, grouping data that has attribute resemblance.

### *K-Means Algorithm*

Algoritma K-means to set the cluster values(k) randomly, for the meantime, the value becomes the center of the cluster or is commonly called centroid, mean or "means." Then the distance of each existing data against each centroid is calculated using the Euclidean formula so that it finds the closest distance on each data with a centroid. Then do the classification based on its proximity to the centroid. Do until the centroid value is not changed [15]. The steps of doing clustering with the method K-means [12] are as follows:
Select the number of clusters K

a. Initiation k Cluster Center This can be done in various ways. However, the most often done is using random. Cluster centers are given an initial value with random numbers.
b. Place each record or object to the nearest cluster. The distance of both objects determines the proximity of two objects. Similarly, the proximity of a record to a particular cluster is determined the distance between the data withthe cluster center. The closest distance between a single record and one specific cluster will determine which datais entered in which cluster. To calculate the distance of all the data to each cluster center point can use the distance theory of Euclidean distance formulated in Figure 1.2

as follows:

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$$D(i,j) = \sqrt{(X_{1i} - X_{1j})^2 + (X_{2i} - X_{2j})^2 + \cdots + (X_{ki} - X_{kj})^2 \ldots}$$

**Fig 2.** Euclidean Distance Formula

Where:

D (ij) = data distance to I to the center of

Cluster JXij = Data to I on attribute data to

K

Xkj = center point to J on the attribute to K

c. Recalculate the cluster center with the current cluster membership. The cluster center is the average of all the dataor objects in a given cluster. So you are also required to use the median of the cluster. So the average (mean) is notthe only size that can be worn.

d. Redefine each object by using the new cluster center. If the cluster center is no longer changed, then the classifyingprocess is complete. Alternatively, go back to step c until the cluster Center is not changed anymore.

## 1. Research Methods

The research methods used are as follows:

a. Research Time and Place

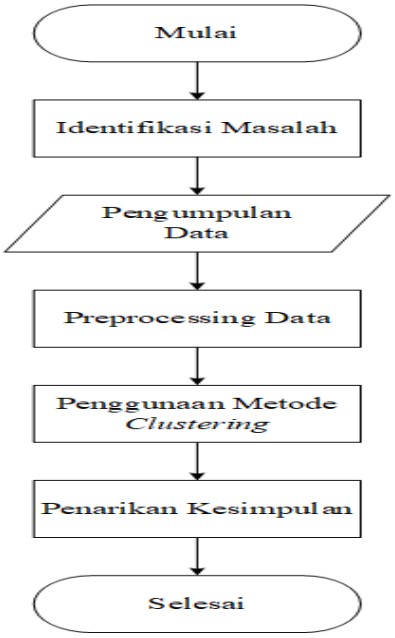
This research was held at Rizki Barokah Shop, which is located at Jl. Brigadir 17 No. 47 RT 001 RW 001 Rempoah Village Baturraden District. The research time starts from October 2018 to March 2019.

b. Data Collection Methods

The method of data collection used in this research is interviews, documentation, and observation to explore the existing problems and obtained data amounting to 1397 in November 2018 until January 2019.

c. Research concept

In this research, the stages of which are the identification of problems, data collection, stage preprocessing, the use of clustering methods, as well as the withdrawal of conclusions from the results that have been obtained. The research concept is found in Figure 3 below:




## 2. Results and Discussion

### Problem Identification

In this study, several literary studies were conducted by studying the literature related to the research conducted for the grouping of products as well as conducting the appropriate selection of algorithms for use in this study. Based on the results of identification, the algorithm used is K-means clustering for product grouping based on products that are desirable and less desirable to advise on the Rizki Barokah Store in determining the product stock.

### Data Collection

Data used in this research is obtained from the Rizki Barokah Store, which is a stock data that explains the amount of stock remaining goods and product sales data from November 2018 – January 2019 describing the number of each product sold that month.

### Preprocessing

At this stage is the handling of data that has duplication and selection of attributes. The attributes used are the item name, number sold, and stock. So The result of this stage of the final DataSet consists of 931 number of items and consists of 3 attributes.

### Use of Clustering Methods

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Once the preprocessing stage is completed, the next step is processed using the algorithms K-means with the clustering method. The following is a test on 10 samples of manually conducted data to view the results of product groupings based on the algorithms K-means with clustering techniques contained in table 1. The calculation step is as follows:

**Table 1.** Sample Data (Source: Rizki Barokah Store)

| | Sold Amount | Stock |
|---|---|---|
| NU MILK TEA 330ML | 3 | 3 |
| NU TEH TARIK 330ML | 2 | 4 |
| NUTRI SARI BRAZILIAN ORANGE 11G | 9 | 5 |
| THE NUTRIENTS OF GRASS JELLY 15G | 2 | 3 |
| NUTRIJELL FLAVORED STRAW 15G | 1 | 3 |
| NUTRIJELL YOGHURT BLACKCURRANT 15G | 3 | 3 |
| NUVO FAMILY COOL 80g | 2 | 7 |
| NUVO FAMILY NATURE PROTECT 80g | 3 | 4 |
| NUVO FAMILY PINK 80 GR | 2 | 8 |
| OREO CHOCOLATE CREME 29.4 G | 1 | 10 |

a. Specify the number of clusters and then specify some problems that occurred in the cluster center. On this research author selects 2 clusters with data 2nd and 4th as Cluster center namely :
   Data 2 (C1) : 2, 4
   Data 4 (C2) : 2, 3
b. Once the cluster center selection is performed, the next step is to calculate the cluster center distance in the 1st iteration.
   1) Calculates distances on the cluster Center.
      To compute distances on any existing data against the cluster Center used the Euclidean distanceformula in Figure 4:

**Fig 4.** *Euclidean Distance* formula

$$= \sqrt{(X_{1i} - X_{1j})^2 + (X_{2i} - X_{2j})^2 + \cdots + (X_{ki} - X_{kj})^2 \ldots}$$

As for the calculation with the formula Euclidean Distance in the 1st iteration is as follows: The initial step is to calculate the distance on each record with the second Cluster Center (C1):

$$D1,1 = \sqrt{(3 - 2)^2 + (3 - 4)^2} = 1.41$$

$$D1,2 = \sqrt{(2 - 2)^2 + (4 - 4)^2} = 0$$

$$D1,3 = \sqrt{(9 - 2)^2 + (5 - 4)^2} = 7.07$$

$$D1,4 = \sqrt{(2 - 2)^2 + (3 - 4)^2} = 1$$

$$D1,5 = \sqrt{(1 - 2)^2 + (3 - 4)^2} = 1.41$$

$$D1,6 = \sqrt{(3 - 2)^2 + (3 - 4)^2} = 1.41$$

$$D1,7 = \sqrt{(2 - 2)^2 + (7 - 4)^2} = 3$$

$$D1,8 = \sqrt{(3 - 2)^2 + (4 - 4 = 1}$$

$$D1,9 = \sqrt{(2 - 2)^2 + (8 - 4)^2} = 4$$

$$D1,10 = \sqrt{(1 - 2)^2 + (10 - 4)^2} = 6.08$$

The next step is to calculate the distance on each data with the center of the second cluster (C2):

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| | |
|---|---|
| D2, 1 = √(3 − 2)² + (3 − 3)² | = 1 |
| D2, 2 = √(2 − 2)² + (4 − 3)² | = 1 |
| D2, 3 = √(9 − 2)² + (5 − 3)² | = 7.28 |
| D2, 4 = √(2 − 2)² + (3 − 3)² | = 0 |
| D2, 5 = √(1 − 2)² + (3 − 3)² | = 1 |
| D2, 6 = √(3 − 2)² + (3 − 3)² | = 1 |
| D2, 7 = √(2 − 2)² + (7 − 3)² | = 4 |
| D2, 8 = √(3 − 2)² + (4 − 3)² | = 1.41 |
| D2, 9 = √(2 − 2)² + (8 − 3)² | = 5 |

$$D2, 10 = \sqrt{(1-2)^2 + (10-3)^2} = 7.07$$

Here are the results of the calculations that can be seen in table 2:

**Table 2.** Result of Cluster Spacing in 1st Iteration (Source: Data already processed)

| Item name to- | C1 | C2 | Shortest distance |
|---|---|---|---|
| 1 | 1.41 | 1.00 | 1.00 |
| 2 | 0.00 | 1.00 | 0.00 |
| 3 | 7.07 | 7.28 | 7.07 |
| 4 | 1.00 | 0.00 | 0.00 |
| 5 | 1.41 | 1.00 | 1.00 |
| 6 | 1.41 | 1.00 | 1.00 |
| 7 | 3.00 | 4.00 | 3.00 |
| 8 | 1.00 | 1.41 | 1.00 |
| 9 | 4.00 | 5.00 | 4.00 |
| 10 | 6.08 | 7.07 | 6.08 |

**1) Grouping the Data**

The next step is to group the data from the calculation of the process in Table 2 by entering each object (data) into a cluster (group) based on the minimum distance. The following is the result of the data grouping in the first iteration found in Table 3:

**Table 3** Results of 1st Iteration Data Grouping (Source: Data already processed)

| Item Name | C1 | C2 |
|---|---|---|
| 1 | 0 | 1 |
| 2 | 1 | 0 |
| 3 | 1 | 0 |
| 4 | 0 | 1 |
| 5 | 0 | 1 |
| 6 | 0 | 1 |
| 7 | 1 | 0 |
| 8 | 1 | 0 |
| 9 | 1 | 0 |
| 10 | 1 | 0 |

Based on the results obtained in table 3, the value of 1 is the closest distance obtained by viewing theminimum value between C1 and C2.

**2) Calculating the new cluster center**

The next step is to calculate the center of the new cluster, as the way is to calculate the average of theminimum value entered in each cluster. The calculation of the first cluster Center (C1) that is calculatedbased on the average is the following:

C1 = (2 + 9 + 2 + 3+2 + 1)/6 = 3.1

C1 = (4 + 5 + 7 + 4+8 + 10)/6 = 6.3

A second cluster center calculation (C2) that has been calculated based on average is as follows:

C2 = (3 + 2 + 1 + 3)/4 = 2.2

C2 = (3 + 3 + 3 + 3)/4 = 3

c. 2nd Iteration

1) The next step is to calculate the cluster center distance in the 2nd iteration. The cluster center is extracted from the calculation results of the new cluster in the 1st iteration.
2) The next step is to calculate the distance between the center of the cluster using the Euclidean distanceformula just as in the first step. The calculation result can be seen in table 4:

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**Table 4.** Calculation Results for Cluster Spacing in the 2nd Iteration(Source: Data already processed)

| Item name to- | C1 | C2 | Shortest distance |
|---|---|---|---|
| 1 | 3.34 | 0.75 | 0.75 |
| 2 | 2.61 | 1.03 | 1.03 |
| 3 | 5.98 | 7.04 | 5.98 |
| 4 | 3.53 | 0.25 | 0.25 |
| 5 | 3.98 | 1.25 | 1.25 |
| 6 | 3.34 | 0.75 | 0.75 |
| 7 | 1.34 | 4.01 | 1.34 |
| 8 | 2.34 | 1.25 | 1.25 |
| 9 | 2.03 | 5.01 | 2.03 |
| 10 | 4.26 | 7.11 | 4.26 |

**3) Grouping the Data**

The next step is to group the data from the calculation of the process in Table 4 by entering each object (data) into a cluster (group) based on the minimum distance. The following is the result of the data grouping in the 2nd iteration found in Table 5:

**Table 5.** Results of 2nd Iteration Data Grouping(Source: Data already processed)

| Item Name | C1 | C2 |
|---|---|---|
| 1 | 0 | 1 |
| 2 | 0 | 1 |
| 3 | 1 | 0 |
| 4 | 0 | 1 |
| 5 | 0 | 1 |
| 6 | 0 | 1 |
| 7 | 1 | 0 |
| 8 | 0 | 1 |
| 9 | 1 | 0 |
| 10 | 1 | 0 |

Based on the results obtained in table 5, the value of 1 is the closest distance obtained by viewing the minimum value between C1 and C2. Because the results of the grouping in the 1st iteration and the 2nditeration do not yet have the same result, then the grouping continues in the 3rd iteration.

**4) Calculating the new cluster center**

The calculation of the new first cluster Center (C1) is calculated based on the average of the following:C1 = (9 + 2 + 2 + 1)/4 = 3.5

C1 = (5 + 7 + 8 + 10)/4 = 7.5

The calculation of the new cluster (C2) which is calculated based on the average is as follows:

C2 = (3 + 2+ 2 + 1+3 + 3)/6 = 2.3

C2 = (3 + 4 + 3 + 3+3 + 4)/6 = 3.3

3rd Iteration

5) The next step is to calculate the cluster center distance in the 3rd iteration. The cluster center is extractedfrom the calculation results of the new cluster in the 2nd iteration.

1) The next step is to calculate the distance between the center of the cluster using the Euclidean distanceformula just as in the first step. The calculation result can be seen in table 6:

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**Table 6.** Calculation Results for Cluster Spacing in the 3rd Iteration(Source: Data already processed)

| Item name to- | C1 | C2 | Shortest distance |
|---|---|---|---|
| 1 | 4.53 | 0.75 | 0.75 |
| 2 | 3.81 | 0.75 | 0.75 |
| 3 | 6.04 | 6.87 | 6.04 |
| 4 | 4.74 | 0.47 | 0.47 |
| 5 | 5.15 | 1.37 | 1.37 |
| 6 | 4.53 | 0.75 | 0.75 |
| 7 | 1.58 | 3.68 | 1.58 |
| 8 | 3.54 | 0.94 | 0.94 |
| 9 | 1.58 | 4.68 | 1.58 |
| 10 | 3.54 | 6.80 | 3.54 |

### 1) Grouping the Data

The next step is to group the data from the calculation of the process in Table 6 by entering each object (data) into a cluster (group) based on the minimum distance. The following is the result of the data grouping in the 3rd iteration found in Table 7:

**Table 7.** Results of 3rd Iteration Data Grouping (Source: Data already processed

)

| Item Name | C1 | C2 |
|---|---|---|
| 1 | 0 | 1 |
| 2 | 0 | 1 |
| 3 | 1 | 0 |
| 4 | 0 | 1 |
| 5 | 0 | 1 |
| 6 | 0 | 1 |
| 7 | 1 | 0 |
| 8 | 0 | 1 |
| 9 | 1 | 0 |
| 10 | 1 | 0 |

Based on the results obtained in table 7, the value of 1 is the closest distance obtained by viewing theminimum value between C1 and C2. Because the results of the grouping in the 2nd iteration and the 3rd iteration already have the same results, then the iteration process stops at the 3rd iteration.

Based on the calculation result, the product grouping in the store Rizki Barokah with a sample number of 10 data consists of 2 clusters, namely cluster1 and cluster2. Pada cluster1 known to have 4 less popular products, and on cluster2, 6 products are most in-demand. The Following are the results of the clustering K-means contained in table 8:

**Table 8.** Results Clustering K-Means(Source: Data already processed)

| Item Name | Sold Amount | Stock | Cluster |
|---|---|---|---|
| NU MILK TEA 330ML | 3 | 3 | 2 |
| NU TEH TARIK 330ML | 2 | 4 | 2 |
| NUTRI SARI BRAZILIAN ORANGE 11G | 9 | 5 | 1 |
| THE NUTRIENTS OF GRASS JELLY 15G | 2 | 3 | 2 |
| NUTRIJELL FLAVORED STRAW 15G | 1 | 3 | 2 |
| NUTRIJELLYOGHURT BLACKCURRANT 15G | 3 | 3 | 2 |
| NUVO FAMILY COOL 80g | 2 | 7 | 1 |
| NUVO FAMILY NATURE PROTECT 80g | 3 | 4 | 2 |
| NUVO FAMILY PINK 80 GR | 2 | 8 | 1 |
| OREO CHOCOLATE CREME 29.4 G | 1 | 10 | 1 |

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## Conclusions

Based on the results of the research that is done, it can be concluded that:

a. The method of clustering with the K-means algorithm can be used for product grouping in Rizki Barokah Store, soit can be used in determining the stock of products.

b. Based on the results of the calculations can be found that 6 products are in demand and 4 less desirable products.

c. By knowing the most desirable and less desirable products, Rizki Barokah Store can determine the stock of products by prioritizing the purchase of stock products in the most in-demand products and reduction of purchasesagainst less popular products to reduce product stock buildup.

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