

## ABSTRACT

*The shoe industry is a sector that continues to experience rapid growth and is increasingly challenged by competition. To remain competitive in a competitive marketplace, shoe companies must have a deep understanding of their consumers' needs and preferences. A market segmentation strategy is crucial in this case because it helps companies to deepen and understand different layers of consumers, so that they can meet their needs more precisely and efficiently. This research aims to divide Pillary Footwear consumers into several different groups based on their characteristics.*

*The method used is K-Means Clustering, a very effective technique for grouping large and complex data. The data used comes from a survey conducted on 203 local shoe consumers. This survey asked various things, from their age, occupation, to their lifestyle and interest in shoes. The goal is to find which consumer group is most suitable to be Pillary Footwear's target market.*

*This second group of consumers is dominated by female students in their early 20s. They generally have a shoe shopping budget of around IDR 100,000 to IDR 150,000 and usually have 3 - 4 pairs of shoes. When buying shoes, price is the main factor they consider. Because their income is still limited as students, they tend to be more selective in choosing shoes. Before deciding to buy, they usually compare prices in various stores, both online and offline. Apart from that, they often wait for discounts or promotions to get cheaper prices.*

*After analyzing the three consumer groups, the second group (Cluster 2) was considered the most promising target market for Pillary Footwear. This group consists of young women who are very concerned about prices but still want quality products and follow the latest trends. With sufficient purchasing power potential, they are an attractive segment to develop. Focusing on product innovation, good customer service and effective promotions, especially through social media, can increase customer loyalty and ultimately encourage sustainable company business growth.*

***Keywords: AIO (Activity, Interest, Opinion), K-Means Clustering, Pillary Footwear, Market Segmentation.***