**RFM –**

Segmenting consumer base by purchasing habits.

Recency(how long ago), Frequency(How often) and Monetary value (How much)

Based on 3 Categories – How recently they purchased.

How often they buy

Size of purchase

Scored from 1 to 5

Recency – The more recently a customer last bought more likely for future transactions.

The frequency of a customer’s transactions may be affected by factors such as the type of product, the price point for the purchase, and the need for replenishment or replacement.

Monetary value stems from how much the customer spends

* Total money spend per customer.
* Total times ordered
* Average money spend each order.
* Split timeframe into 5 equal frames.
* Give recency score based on the time frame it is in.