

Lecture 2 Customer Analytics – RFM

Questions received via email

1. Slide 5/6: Is recency calculated by : analysis date - date of last transaction? I was in doubt, since slide 6 says 'R = time between last transaction and end of database'. However, the end of the database does not necessarily have to be the analysis date.
2. On slide 17 you talk about the expected profit per customer, and about the rollout profit. However, if \hat{p} is below the threshold/breakeven point, there will be a negative profit. In the slide, it says the profit will always be positive.

Is this because you speak about rollout profit (so only the people you roll it out to count, and their expected profit is always positive, otherwise we would not roll out), or is it because you see profit as a variable that always is positive?

3. [Also about Slide 17]. In this slide you present a total rollout profit of 26109 but I was wondering how you have calculated this total rollout profit. I have seen the formulae on slide 15, but I would like to see an example of this equation filled in.
4. In slide 10 in webclip 2.1, the n of the 5 segments is not equal in size (e.g. n group (14,16] = 1231 but n group (10,14] = 2509, more than double). Shouldn't that be equal since we evenly divide in 5 groups? Or am I missing something?

Organizational

1. On Mondays and sometimes on Tuesdays we do not have any in-class lectures for our courses. These days, I would like to already watch the video lectures of Customer Analytics, so that I could save some more time for the other courses on Wednesday/Thursday/Friday. Is it possible that the video lectures are uploaded at the beginning of the week, instead of on the day of the class (Thursday). Then we can still attend the Q&A on Thursday at the end of the Zoom session if this is necessary. This would help us a lot in our time management.