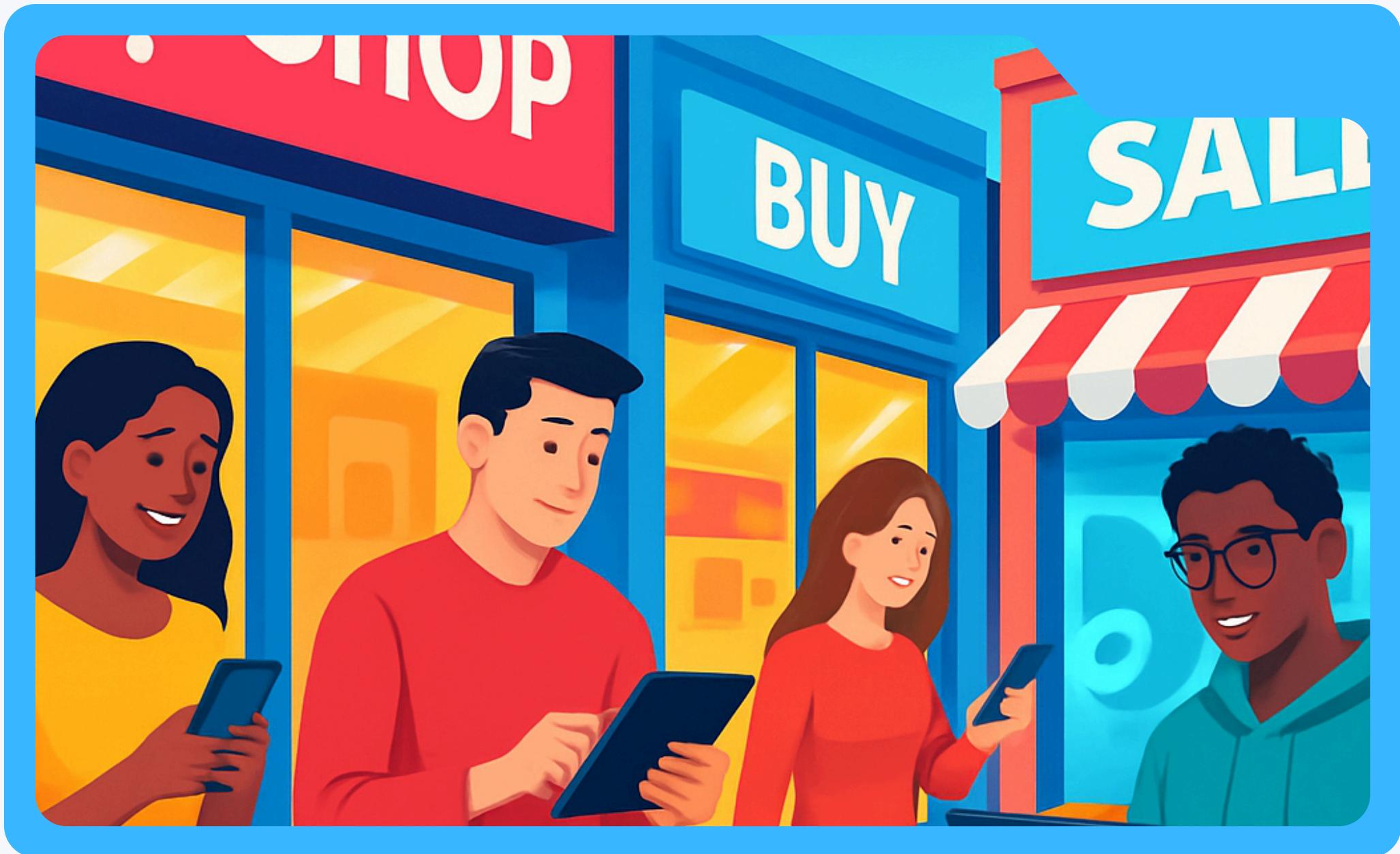


Strategic Customer Retention



Presented by
Section A – Group 14

Context & Problem

No structured customer churn identification framework

A UK-based online retailer operates without a defined data strategy, leaving the business data rich but insight poor.



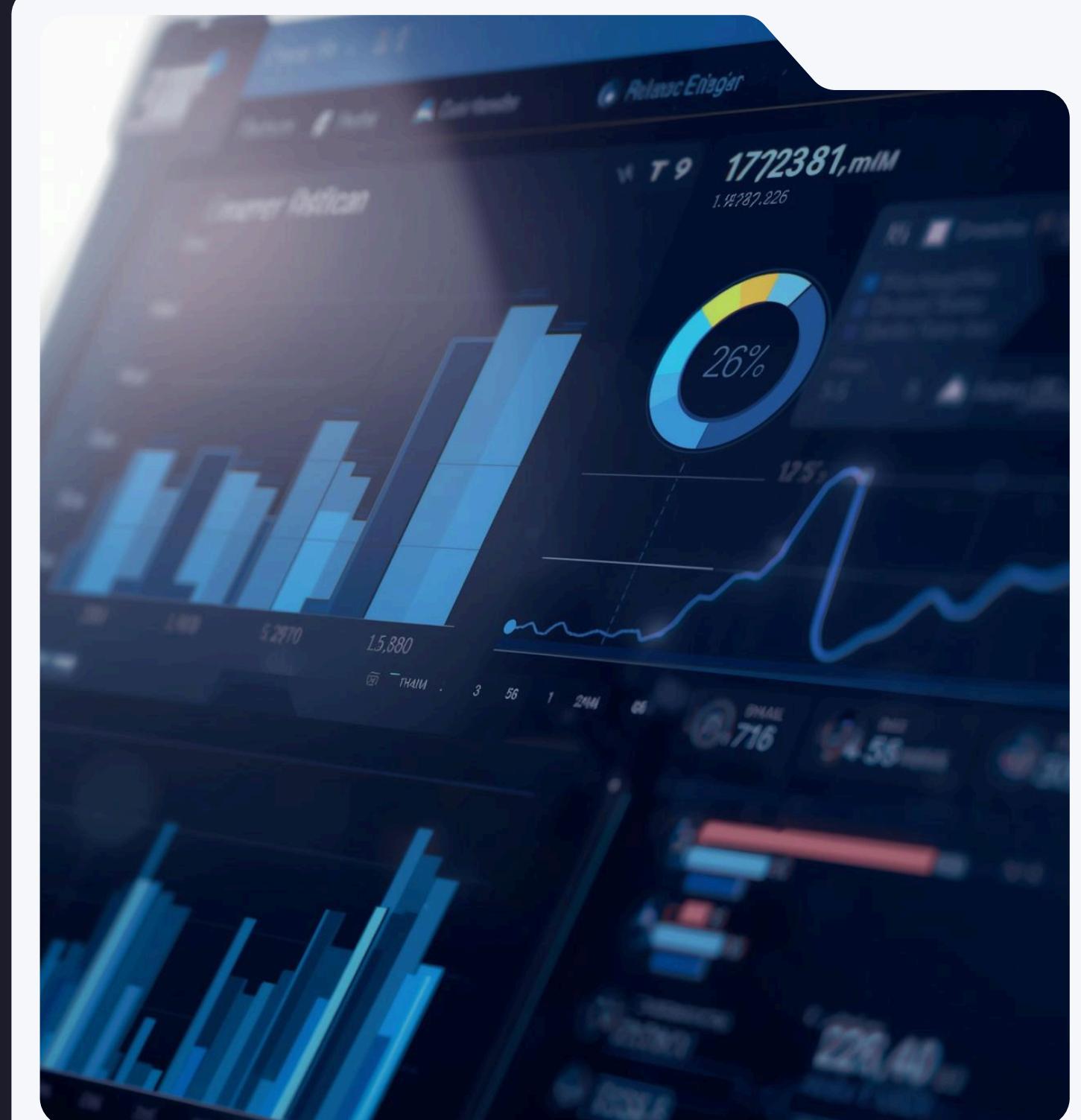
Data Pipeline

The data engineering process involved cleaning and validating a massive dataset of about **~2,000,000** transactions by removing null CustomerIDs, segregating cancellation invoices, excluding operational stock codes, filtering UK based customers, and aggregating transaction level data into customer level **Recency, Frequency and Monetary Value (RFM)** metrics for behavioural segmentation.



KPI Framework

The **KPI framework** was established using **Recency, Frequency and Monetary Value** metrics to evaluate **customer engagement, purchase consistency and revenue contribution**, alongside **inactivity based churn rate** and **projected lifetime value** for high value customer segments.



Key Insights

Market Segmentation Analysis Overview

- A small high value Champion segment contributes a disproportionate share of total revenue
- Previously frequent mid value customers show migration towards inactivity
- Inactive high spend customers indicate emerging churn risk
- Newly acquired customers display low initial monetary contribution

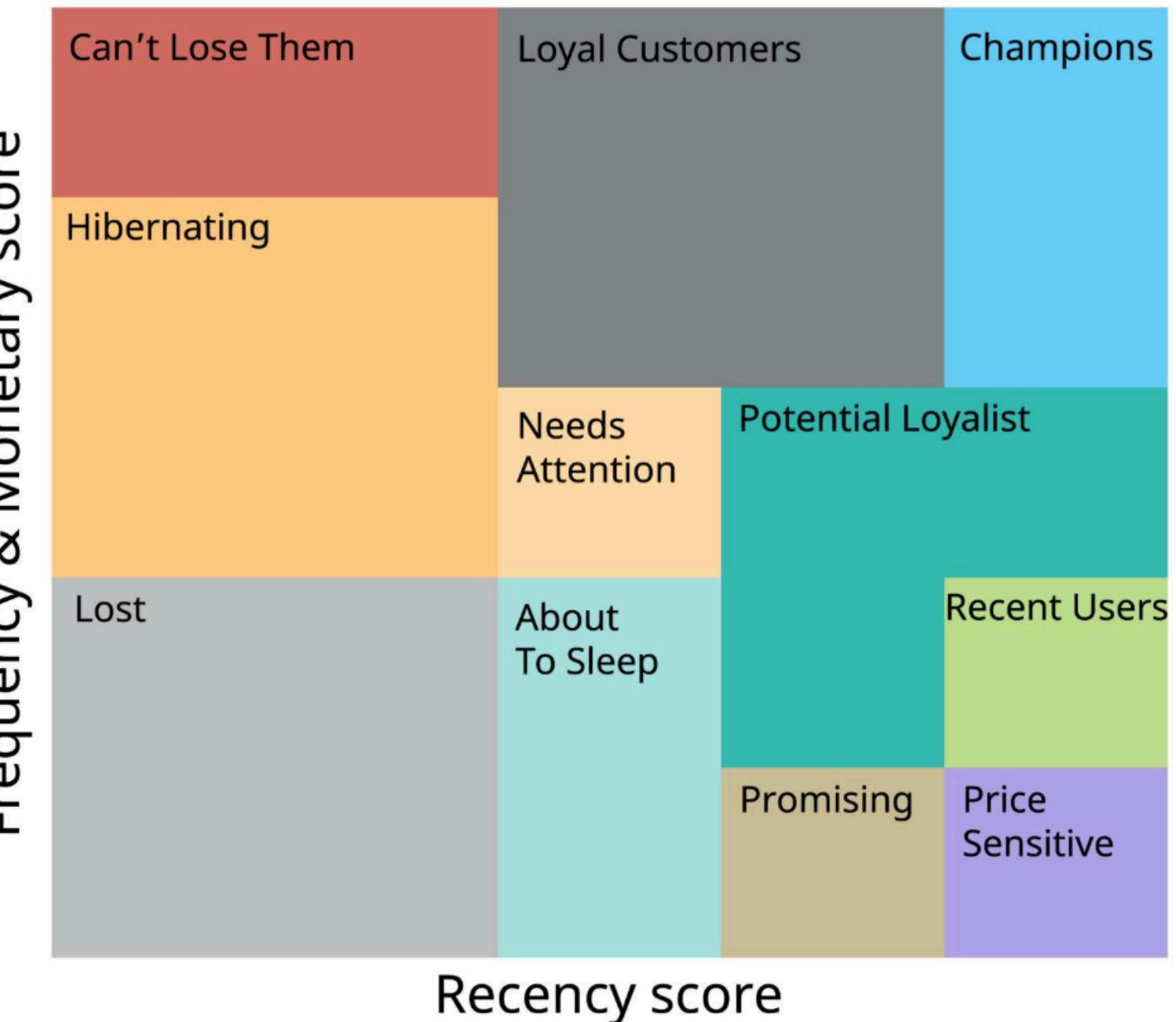
Market Segmentation



RFM Segmentation

The RFM model reveals distinct customer segments: **Champions**, **Potential Loyalists**, **At-Risk**, and **Lost**. By analyzing **purchasing frequency**, **recency**, and **monetary value**, targeted marketing strategies can be effectively tailored to optimize customer retention and maximize overall engagement and profitability.

Predictive Segments (RFM)



Recommendations

Implement exclusive loyalty programs for Champion customers, initiate win back campaigns for At Risk high value segments, introduce bundle purchase strategies for new customers, and monitor mid frequency buyers to prevent behavioural decline and future churn



Projected Impact

Improved retention of high value customers is expected to stabilize revenue concentration, reactivation of inactive segments may recover lost contribution, and bundle strategies for new buyers can increase average order value and early lifecycle spend.



Executive Dashboard

Strategic Customer Retention Dashboard (2009-2010)

Total Revenue (\$) **327,457.06** | **Avg Revenue Per User (\$)** **132.47** | **Total Customers** **2472**

slicers Customer_Segme... All ▾

Average Spend per Customer by Segment



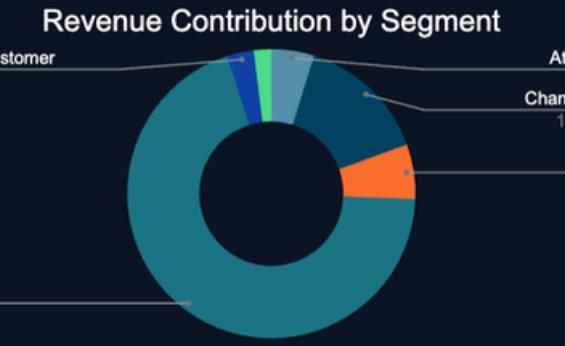
Customer_Segment	Avg Revenue Per User (\$)
At Risk	~100
Champion	~180
Lost	~20
Loyal	~320
New Customer	~30
Potential	~20

Customer Segmentation Distribution



Customer_Segment	COUNTA of customer_id
At Risk	~200
Champion	~250
Lost	~750
Loyal	~650
New Customer	~300
Potential	~200

Revenue Contribution by Segment



Customer_Segment	Revenue Contribution (%)
New Customer	3.0%
At Risk	4.8%
Champion	14.7%
Lost	6.1%
Loyal	69.4%

RECOMMENDATIONS

1. Capture the "October Rush" (Seasonality)
 - Insight: Peak volume hits in Oct/Nov as resellers stock up, ahead of the December rush.
 - Action: Finalize all inventory orders by September 1st to fully support our Champion and Loyal customers.
 - Goal: Prevent stockouts during the 35% Autumn volume spike and protect our highest revenue streams.
2. Mitigate "Hero Product" Risk (Product Mix)
 - Insight: Over-reliance on the "White Hanging Heart" creates a single point of failure for revenue.
 - Action: Launch Red or Silver variations immediately to appeal to our New and Potential buyer segments.
 - Goal: Diversify the product mix so revenue remains stable even if current trends fade.
3. Target the "Whales" (International)
 - Insight: Baskets from Germany and EIRE are 3x larger than domestic orders, representing our highest-value "Whales".
 - Action: Shift 20% of the marketing budget to EU trade channels and targeted At Risk win-back campaigns.
 - Goal: Convert them into "Loyal" customers next month.

TOP 5 BEST-SELLING PRODUCTS

product_name	SUM of quantity
PACK OF 12 WOODLAND TISSUES	4,485
GIRLS ALPHABET IRON ON PATCHES	1,440
ASSORTED COLOUR BIRD ORNAMENT	1,304
SMALL CHINESE STYLE SCISSOR	1,100
PACK OF 72 SKULL CAKE CASES	925

HIGH RETURN RISK

product_name	SUM of quantity
COLOUR GLASS. STAR T-LIGHT HOLDER	-1,124
LOVE GARLAND PAINTED ZINC	-564
FIRST CLASS HOLIDAY PURSE	-300
SILVER DIAMANTE PEN IN GIFT BOX	-87
BEACH HUT PHOTO FRAME	-40

Strategic Customer Retention Dashboard (2010-2011)

Total Revenue (\$) **64,573.93** | **Avg Revenue Per User (\$)** **46.69** | **Total Customers** **1383**

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Average Spend per Customer by Segment



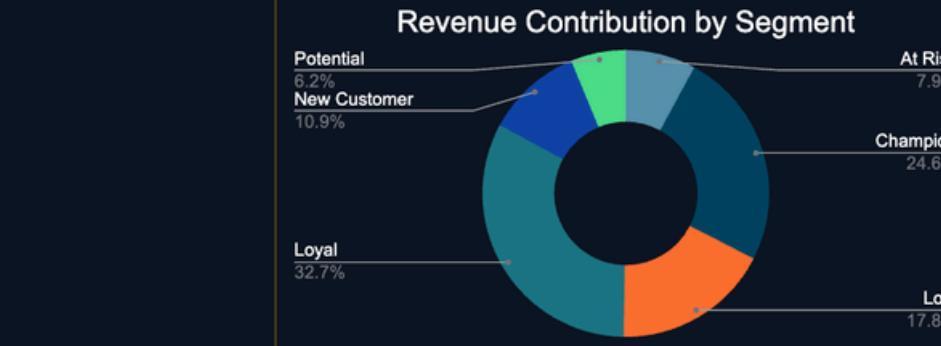
Customer_Segment	Avg Revenue Per User (\$)
At Risk	~60
Champion	~120
Lost	~30
Loyal	~90
New Customer	~25
Potential	~20

Customer Segmentation Distribution



Customer_Segment	COUNTA of customer_id
At Risk	~80
Champion	~200
Lost	~400
Loyal	~150
New Customer	~450
Potential	~100

Revenue Contribution by Segment



Customer_Segment	Revenue Contribution (%)
Potential	6.2%
New Customer	10.9%
At Risk	7.9%
Champion	24.6%
Lost	17.8%
Loyal	32.7%

RECOMMENDATIONS

1. Protect the VIPs (Champions)
 - Insight: The top 130 customers (9% of base) drive 25% of total revenue.
 - Action: Launch "VIP Early Access" program to lock in their loyalty.
 - Goal: Maintain their high purchase frequency (>4x).
2. Win-Back Campaign (At Risk)
 - Insight: 89 high-value customers have stopped purchasing recently.
 - Action: Send a targeted "We Miss You" email with a 10% discount.
 - Goal: Reactivate this segment before they are Lost forever.
3. Grow New Buyers (New Customers)
 - Insight: 298 new customers have high Recency but low Spend.
 - Action: Offer "Bundle Deals" (e.g., Buy 3, Save £5) to increase basket size.
 - Goal: Convert them into "Loyal" customers next month.

TOP 5 BEST-SELLING PRODUCTS

product_name	SUM of quantity
WORLD WAR 2 GLIDERS ASSTD DESIGNS	2160
FANCY FONTS BIRTHDAY WRAP	1650
JUMBO BAG RED RETROSPOT	1351
PACK OF 60 DINOSAUR CAKE CASES	1126
BLACK HEART CARD HOLDER	1015

HIGH RETURN RISK

product_name	SUM of quantity
TEA PARTY BIRTHDAY CARD	-96
FOLKART HEART NAPKIN RINGS	-18
SCANDINAVIAN PAISLEY PICNIC BAG	-18
VINTAGE DOILY DELUXE SEWING KIT	-17
GLASS JAR ENGLISH CONFECTIONERY	-16