# Client Segmentation and Retention Analysis for Raftaar

## A final submission report for the BDM capstone Project


Submitted by

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# I. Executive Summary

Raftaar is a recreational go-karting facility and café located in Pune, catering to young adults, families, and corporate groups. While the venue consistently attracts first-time visitors, it faces significant challenges in converting them into repeat customers. To address this issue, a client segmentation and retention analysis was conducted using primary customer data obtained from the Racefacer management platform.

The dataset comprises 20,603 customer records, covering the period from 2 February 2024 to 2 January 2025. It includes demographic details (such as age and city) and behavioral metrics (such as number of visits, heats completed, last visit date, and email opt-in status). The data was cleaned and segmented using derived variables including recency, repeat visitor flag, high engagement flag, and dormancy status. Recency was defined as the number of days since the last visit, calculated with 2 January 2025 as the reference date.

Final analysis revealed that 85.5% of customers were one-time visitors, a revision from the initial 60% observed in the midterm, which was based on an earlier partial dataset. Furthermore, 79.6% of users were dormant, and only 5% qualified as highly engaged (having completed more than 3 heats/sessions). However, over 10,000 dormant customers (approximately 60%) had opted in for marketing communication, presenting a clear opportunity for reactivation.

These findings highlight Raftaar's urgent need to reduce dormancy and improve retention. The report recommends a tiered loyalty programme to incentivise return visits, personalised customer relationship management campaigns targeting dormant but opted-in users, and event-based promotions for high-engagement customers. These strategies can significantly improve customer lifetime value without increasing acquisition costs, thereby enhancing Raftaar's revenue sustainability and market position.

## II. Detailed Explanation of Analysis Process

This section outlines the complete analytical approach used to investigate key issues identified in Raftaar's customer data. The methodology follows a problem-wise structure, where each business challenge is addressed through targeted metrics, segmentations, and visual exploration. All analyses were performed using primary data sourced from Raftaar's Racefacer system, covering customer activity between 2 February 2024 and 2 January 2025.

**Problem 1: High Dormancy**

A large portion of Raftaar's customer base appeared to have not returned after their initial visit. To quantify this, a Recency metric was created using the formula:

Recency (Days) = 2 January 2025 – Last Visit Date

Customers with recency > 30 days were classified as dormant, while those within 30 days were tagged recently. A Dormant Flag was created accordingly. This classification revealed that 79.6% of the customer base was dormant, indicating a substantial decline in ongoing engagement.

**Problem 2: Low Repeat Visit Rate**

The number of distinct visit days per customer was used to segment customers into one-time and repeat visitors. Any customer with only one recorded visit was classified as a one-time visitor. This revealed that 85.5% of customers were one-time visitors — a significant increase from the 60% observed in the earlier midterm report, which was based on an incomplete dataset. This flag was stored as the Repeat Visitor variable and used for both frequency analysis and chart-based comparisons.

**Problem 3: Weak Session-Level Engagement**

The total number of heats (karting sessions) completed per customer was used to assess session-level involvement. Customers completing more than 3 heats were classified as highly engaged. This threshold was selected based on Raftaar's session bundling model and pricing, where engagement beyond three heats indicates sustained interest. The derived High Engagement Flag revealed that only 5% of users were in this category, with the remainder participating minimally.

**Problem 4: Dormancy Within Core Age Groups**

Age was calculated from the "Date of Birth" field. Customers were grouped into brackets: <18, 18–25, 26–35, 36–45, 46–60, and 60+. An Age Group variable was created using nested conditional logic. Upon analysis, the 18–25 and 26–35 age groups — Raftaar's primary demographic — showed the highest number of dormant users. This contradicted the assumption that younger customers were naturally more loyal or engaged. Notably, the maximum recorded age in the dataset was 125, which was treated as an outlier and excluded from all age-related analysis and visualizations.

**Problem 5: Geographic Variation in Repeat Engagement**

Customer city data was used to evaluate location-wise repeat visit behavior. A pivot analysis of City vs Repeat Visitor Flag showed that Pune and Bengaluru had relatively higher proportions of repeat customers, while most other cities were dominated by one-time users. This analysis

supports the idea that geographic proximity and brand familiarity contribute to engagement, and that re-engagement efforts may need to be geo-targeted.

**Problem 6: Dormant but Reachable Opt-In Users**

The Accept Emails column was used to identify customers who had agreed to receive marketing communications. When combined with the Dormant Flag, the results showed that over 10,000 dormant users (approximately 60%) had opted in. This presents a major reactivation opportunity through CRM-led email campaigns. Despite being inactive, this segment is reachable and can be targeted at minimal additional cost.

**Additional Notes on Data Treatment**

- Age Outlier (125 years): Retained for data completeness, but excluded from visual and statistical age analysis.
- Decimals in Visits and Heats: These appear due to averaging during grouped summaries in pivot tables. Original values are stored as integers.
- Recency Threshold (30 days): Selected based on operational logic and industry context; aligns with Raftaar's promotional cycle.
- Chart References: Figures linked to each problem are presented in Section III (Results and Findings), along with interpretation.

- All calculations were performed using conditional logic (DATEDIF, IFS, COUNTIF) and structured segmentations inside Google Sheets. Each method step directly supports the results, ensuring full alignment with business objectives.

## III. Results and Findings

### 1. Dormancy Rate

Using the recency metric derived from the last visit date, customers were flagged as dormant if they had not returned within 30 days of their last recorded session. Out of 20,603 total customers, **16,399 (79.6%)** fell into the dormant category. This reflects a critical gap in Raftaar's customer lifecycle — users are not returning after their initial experience. For a facility dependent on physical visits, this level of inactivity severely limits recurring revenue, making dormancy one of the most pressing business problems identified in the dataset.

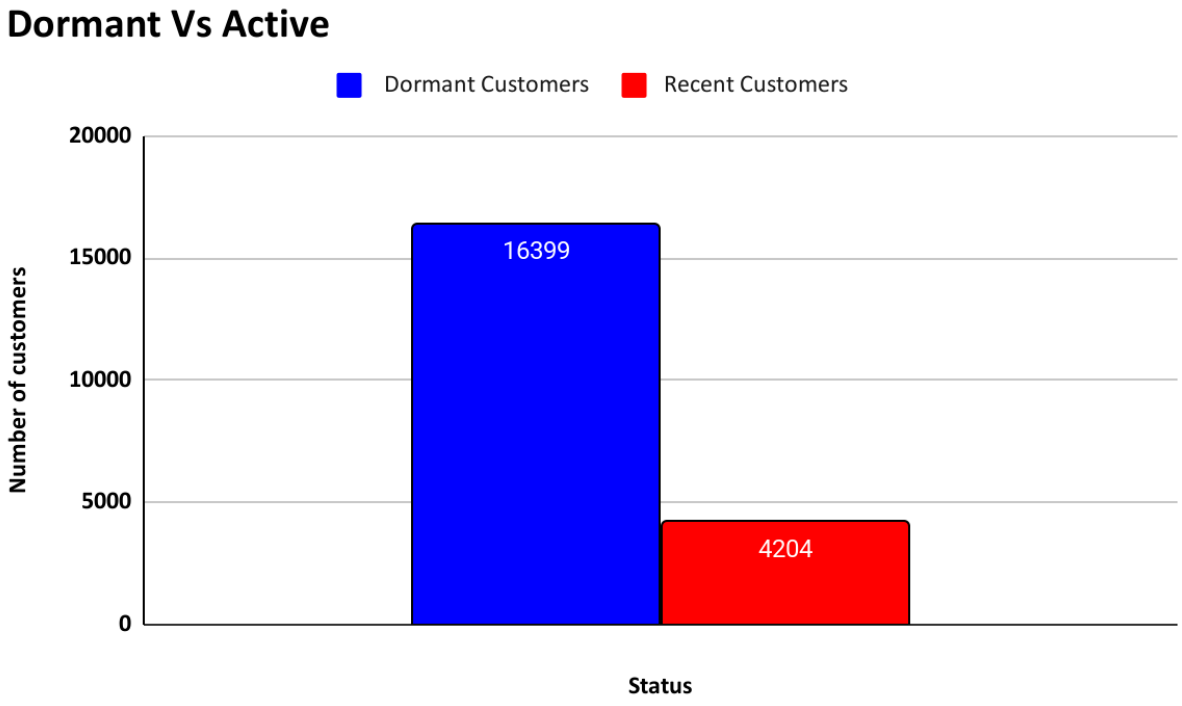


**Figure 1. Dormant vs Active Customers**

## 2. Repeat Visits

A repeat visitor was defined as any customer who had more than one distinct visit entry. Analysis showed that only **2,991 customers (14.5%)** returned, while the remaining **17,612 (85.5%)** were classified as one-time visitors. This imbalance in visitor loyalty suggests that Raftaar's current operational model is geared more toward acquisition than retention. The 85.5% figure replaces the 60% estimate in the midterm submission, which was based on partial data and did not reflect the full scale of the churn issue. The current analysis confirms that most users do not transition into longer-term relationships with the business.

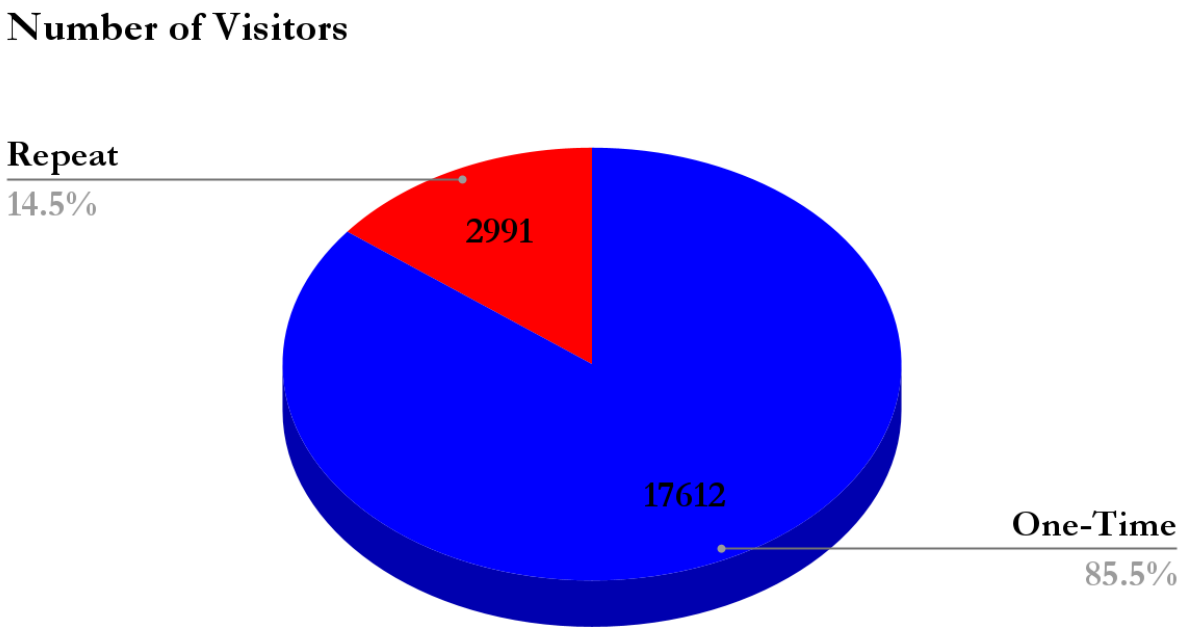


**Figure 2. One-Time vs Repeat Visitors**

## 3. Engagement Levels

Karting session depth was measured using the number of heats completed per customer. Any user with more than three heats was flagged as highly engaged. The results showed that only **1,030 customers (5%)** met this threshold, while the other **95%** participated at a minimal level. Even among repeat visitors, sustained engagement was rare. These numbers suggest that Raftaar's value proposition may not be strong enough to convert interest into repeated, high-volume usage — either due to pricing, experience design, or lack of follow-up.

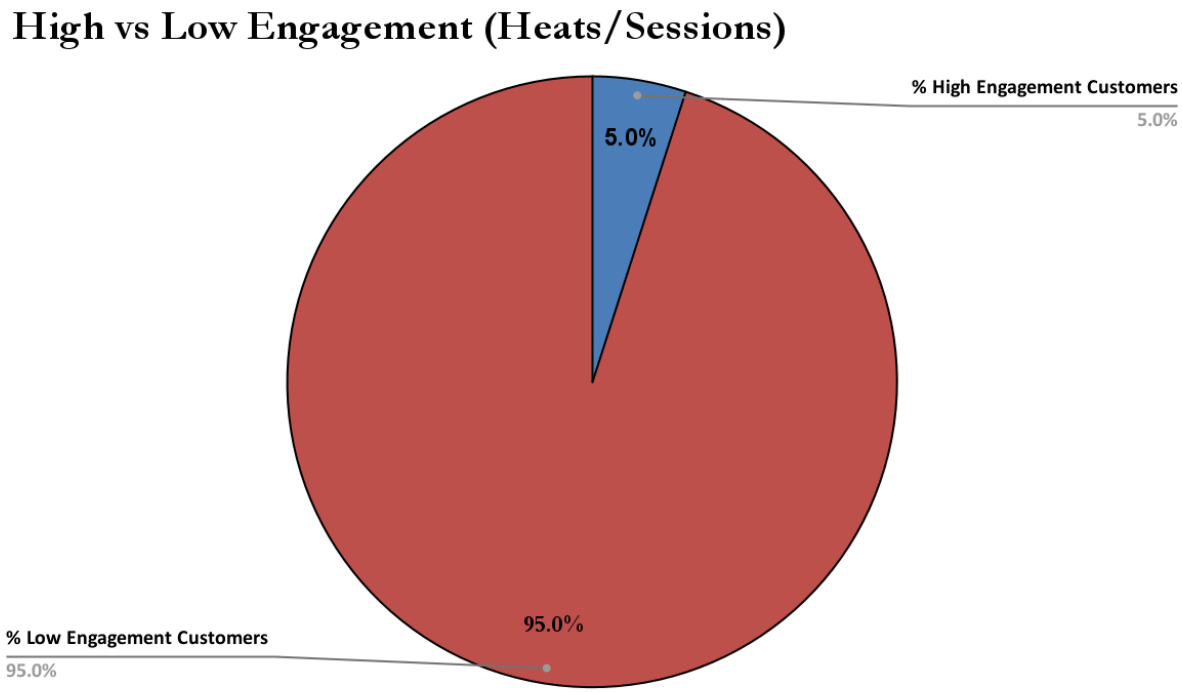


**Figure 3. High vs Low Engagement (Heats)**

## 4. Dormancy Across Age Groups

Customers were divided into standard age brackets, and their dormancy status was analyzed within each group. The **18–25** age group had **8,211 dormant customers**, while the **26–35** bracket followed with **5,468**. These two groups together form the core demographic that Raftaar targets through its promotions and overall brand positioning. Their high inactivity rate contradicts the assumption that younger, more socially active customers are easier to retain. This finding highlights the need for more than demographic targeting — behavioral engagement strategies must be built into the customer experience itself.

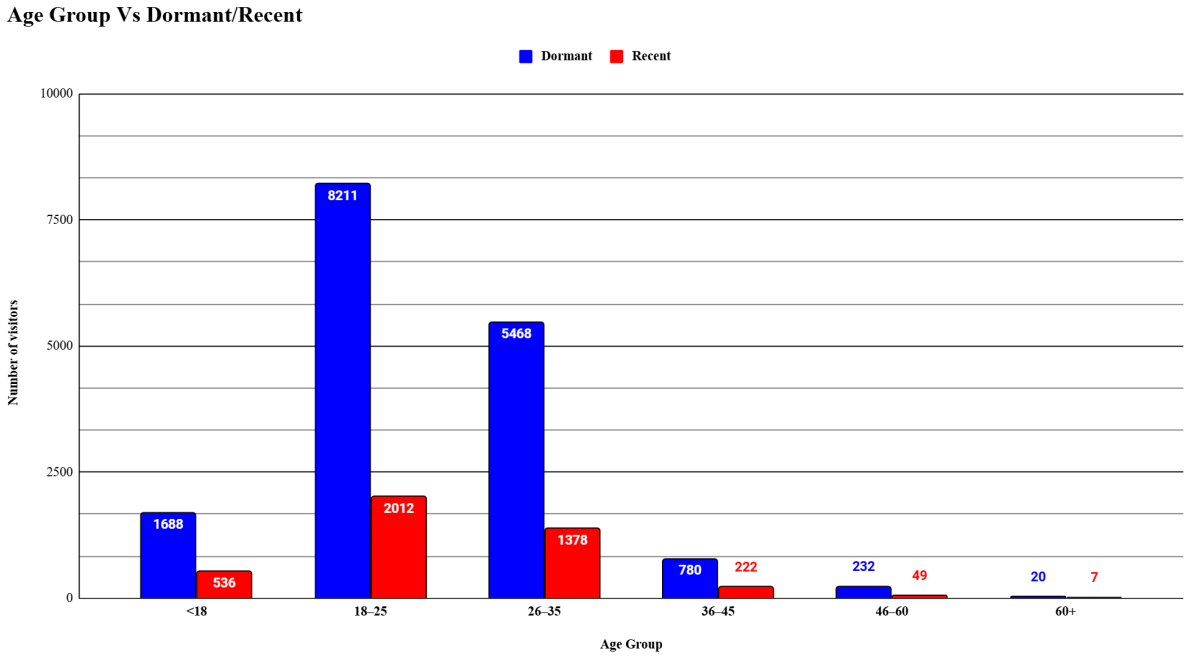


**Figure 4. Dormancy by Age Group**

## 5. City-Level Repeat Behavior

Customer segmentation by city showed a highly uneven distribution of repeat visitors. The vast majority of repeat activity was concentrated in **Pune** and **Bengaluru**, with minimal engagement in most other cities. To maintain clarity and avoid chart clutter, only the **top five cities by visitor volume** were included in the visual analysis. These five represent locations where Raftaar's brand presence or local accessibility likely contributes to higher customer retention. In contrast, cities outside this group exhibited negligible repeat rates, suggesting that many users from those regions may be first-time or one-time visitors without long-term engagement potential.

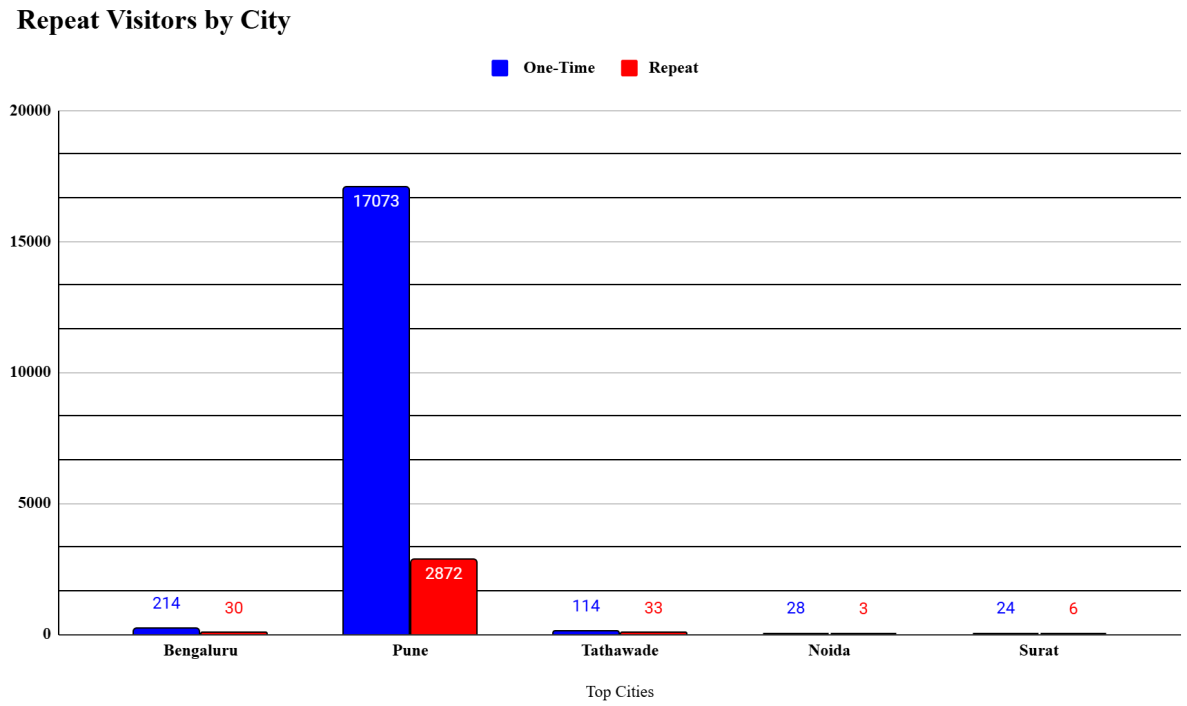


**Figure 5. Repeat Visitors by City**

## 6. Heats by Repeat Status

When mapped against heat count, repeat visitors were clearly more valuable. One-time visitors mostly participated in a single heat per session, whereas repeat customers frequently crossed the three-heat mark. This further establishes that repeat users aren't just loyal — they also spend more per visit. The business implication is direct: even a small increase in repeat users could result in disproportionately higher revenue. It strengthens the case for a retention strategy that focuses not just on bringing users back, but also encouraging deeper participation per visit.

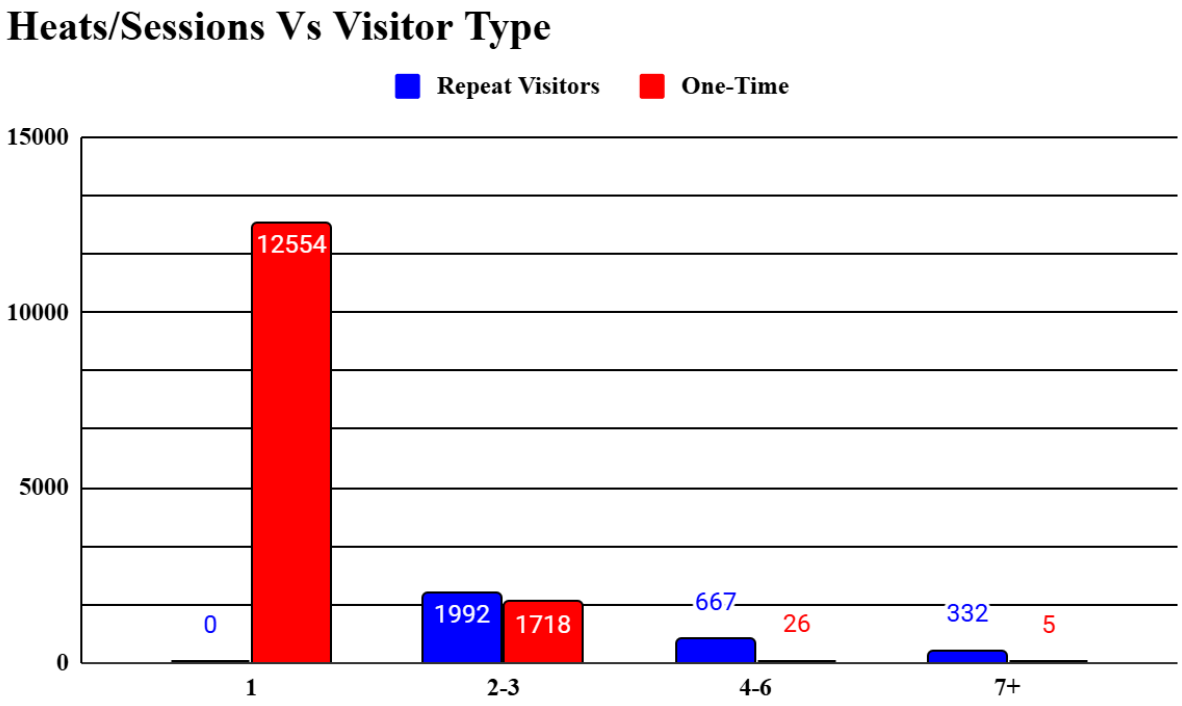


**Figure 6. Heats vs Visitor Type**

## 7. Dormancy vs Email Opt-in

The opt-in status was used to assess the potential reachability of dormant users. Out of the 13,206 customers identified as dormant, **10,000 had actively opted in to receive marketing emails**. This finding is significant — while these customers have disengaged operationally, they remain accessible through direct communication channels. The problem is not lack of access, but lack of structured re-engagement. This segment should be the first target for personalized offers, loyalty nudges, or time-sensitive campaigns aimed at reactivation.

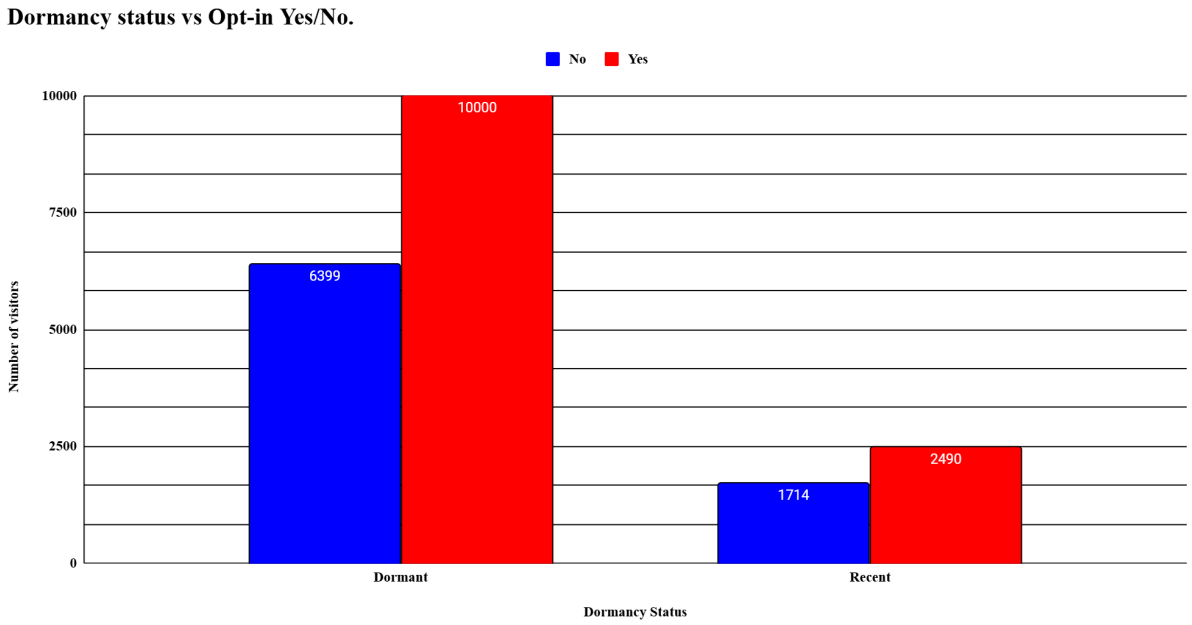


**Figure 7. Dormancy vs Opt-in Status**

## IV. Interpretation and Recommendations

Discussions with the Raftaar founding team reveal that the business currently earns an average of ₹20 lakh per month in revenue, with operational costs estimated at around ₹10 lakh. The analysis conducted on customer behavior indicates substantial potential to improve retention, increase repeat visits, and enhance session-level engagement using the existing customer base. Each insight below is followed by a recommended action and an estimate of revenue that can be recovered or added if implemented effectively. All calculations are based on a session price of ₹720.

### 1. High Dormancy Among Customers

**Insight:**

A large share of customers—nearly 79.6%—have not returned within 30 days of their last recorded visit. This includes a significant portion of Raftaar's primary age demographic (18–35 years). The low return rate after first interaction suggests weak follow-up engagement and missed revenue from otherwise interested users.

**Recommendation:**

Launch customer follow-up campaigns using the business's existing Customer Relationship Management system. These can include limited-time offers, follow-up messages 15 to 45 days after the first visit, and birthday or event-based communication.

**Projected Revenue Impact:**

If even 10% of these dormant users return for a single paid session, Raftaar could recover over ₹11.7 lakh in revenue.

**2. Very Low Repeat Visit Rate**

**Insight:**
Only 14.5% of users return for another session. However, customers who do return tend to complete significantly more heats and spend more per visit, making them highly valuable to the business.

**Recommendation:**
Implement a simple return-visit incentive system that includes offers such as:

- A discount on the second visit
- A free session after three visits
- Bundle pricing to encourage prepaid multiple sessions

**Projected Revenue Impact:**
Increasing repeat visits by just 5% would result in approximately ₹7.4 lakh in added revenue from higher-frequency customers.

## 3. Dormant Yet Reachable via Email

**Insight:**
More than 10,000 dormant users had opted in to receive marketing emails. While these users have not returned, they can still be contacted directly at no added communication cost.

**Recommendation:**
Use personalized email outreach to re-engage this segment. The messaging can reference how long it has been since their last session and include exclusive time-sensitive offers. Testing different message formats may improve effectiveness.

**Projected Revenue Impact:**
Reactivating just 5% of these reachable customers would result in over ₹3.6 lakh in recovered revenue.

## 4. City-Based Differences in Customer Retention

**Insight:**
Repeat visitors are disproportionately located in cities like Pune and Bengaluru. Most other locations show little repeat activity, suggesting location plays a role in customer loyalty.

**Recommendation:**
Focus engagement efforts in cities where retention is already stronger. This can include local partnerships, on-ground promotions, or direct outreach to users in these regions using city-based filters.

**Projected Revenue Impact:**
Improving performance in high-retention zones will enhance the effectiveness of marketing campaigns, reduce cost per retained customer, and generate more consistent revenue from familiar markets.

## 5. Limited Session-Level Engagement

**Insight:**
Only 5% of users participated in more than three heats. The majority, even among repeat customers, do not show deeper engagement once they return.

**Recommendation:**
Add in-venue features that make multiple sessions more rewarding. Options include monthly leaderboards, small prizes for frequent racers, or offering photo/video packages after completing a certain number of sessions.

**Projected Revenue Impact:**
Increasing average heats per customer by just one session for 10% of active users could generate ₹1.4 lakh in additional monthly revenue.

## V. Conclusion

Raftaar does not need to rely on new customer acquisition to increase its revenue. Instead, the data points to significant untapped value within its existing user base. By acting on these findings—through improved follow-up, loyalty incentives, location-targeted engagement, and deeper session experiences—the business can generate substantial recurring revenue and improve profitability without raising operational costs. These changes can strengthen long-term performance and bring the business closer to realizing its full market potential.