TheAnalyticsTeam

RFM Analysis

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Agenda

1. Introduction
2. Data Exploration
3. Model Development
4. Interpretation

Introduction

Identifying High value Customers through RFM Analysis

Problem Statement

- Sprocket Central Pty Ltd, a valued client, specializes in high-quality bikes and cycling accessories.
- The objective is to boost business through a data-driven customer targeting strategy.
- We will approach it by leveraging insights from the existing customer dataset.
- To find the 1000 valuable customers for company.

Approach

- Bike related purchase for last 3 years
- Top industries contributing to the highest number of sales for company.
- Age group contributing most in sale of bikes.
- Number of car owners with respect to state
- Classification of customers base on their purchasing power.

Data Quality Assessment

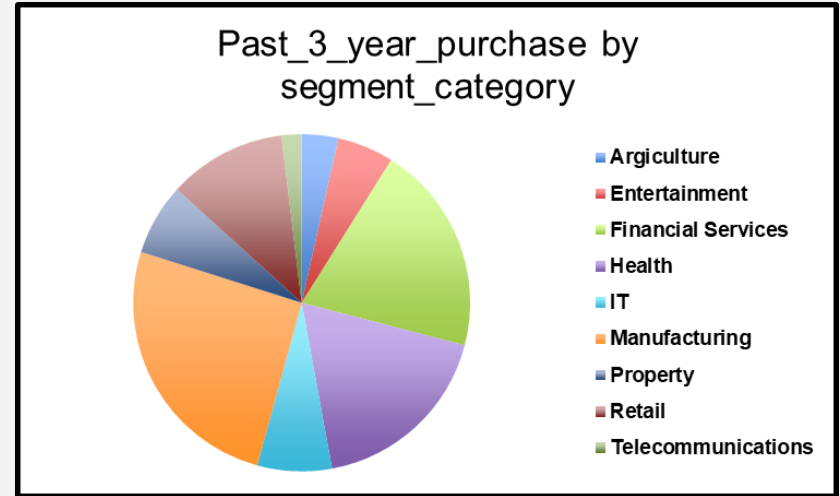| COLUMN	ACCURACY	COMPLETENESS	CONSISTENCY	CURRENCY	RELEVANCY	VALIDITY
CUSTOMER DEMOGRAPHIC	1045 cells missing data Inaccurate Data: DOB	Blanks: job title Incomplete: Customer id	Inconsistency: Gender	Deleted: Deceased customer	Deleted : Default column	
CUSTOMER ADDRRSS	203 cells data missing		Inconsistency: State			
TRANSACTIONS	1554 cells missing				Ambigous : Last column	Format Issue: List price Product sold date

Data Exploration

Profit based on Gender

- Males are more into buying bikes than women in last three years.

- This shows that our target audience are more in male category than in female category.
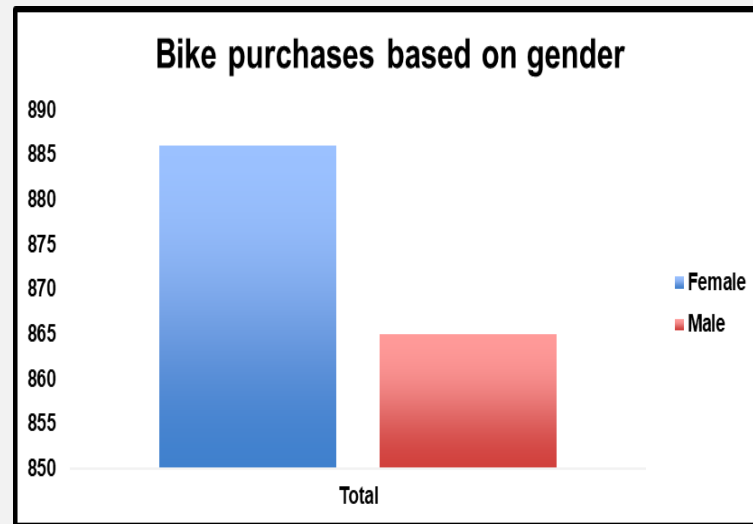
Purchase based on segment category/industry

- We can see that Financial services along with manufacturing services have the most contribution in terms of bike purchases in past three years

- Health sector is also one of the highest contributor of bike sales.

- Other relevant segments are retail, IT, Entertainmnet and property as well.

Past_3_year_purchase by segment_category

- Argiculture
- Entertainment
- Financial Services
- Health
- IT
- Manufacturing
- Property
- Retail
- Telecommunications

Data Exploration

Profit based on Age group

- Age group 3,i.e people of ages between 38-47 are the highest purchasers of bikes in Australia.

- This shows that this age group has higher buying power than rest of the age groups.


Profit based on Age group
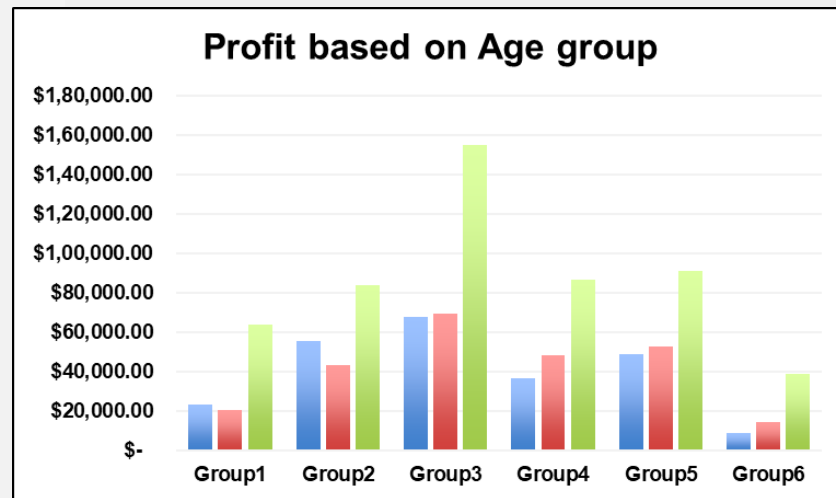
Car owners in each state

- NSW has the highest amount of car owners.

- So, we can focus more on VIC and QLD in terms of marketing, advertising and targeting for the potential buyers for the bikes

Car owner in each state
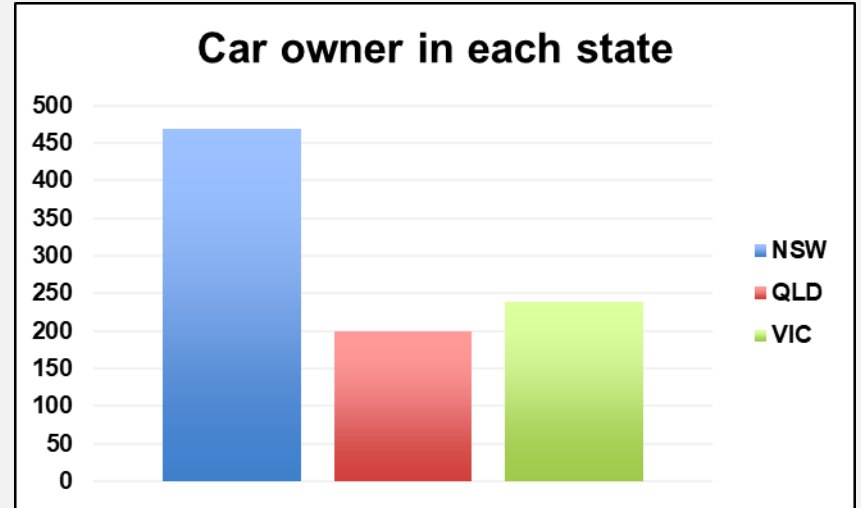
Customer based on their value

- The count of platinum customers is more than 30 lakhs and that of gold customers is more than 5o lakhs in terms calculated RFM values.

- Also age group of 38-47 are our valuable and potential customers.

- Male population is to be targeted more than female population.

- The states VIC and QLD has good potential buyers as few people own cars in those states.

Customer as per their value
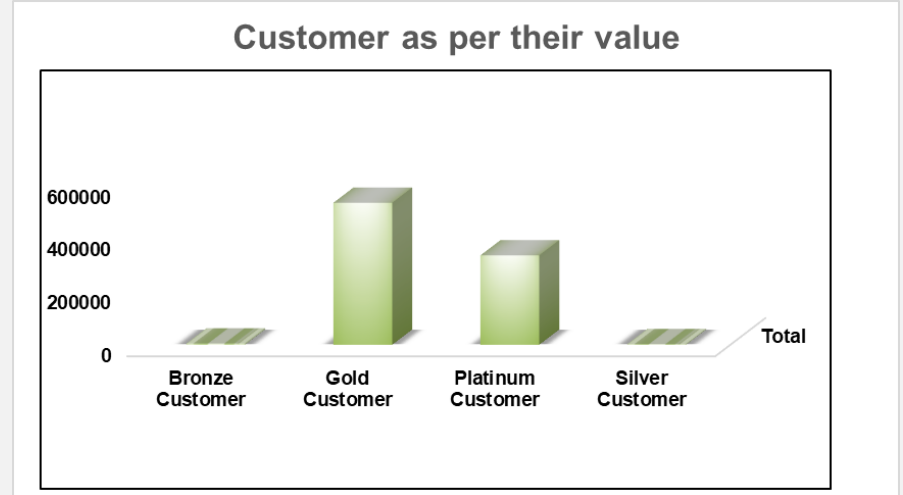
INTERPRETATION

- Based on the Data Exploration and Model Development I would like to attach a Power BI Interactive Dashboard to interpret some insights on the given data as well as draw logical actions and suggestion on the sales of Sprocket Central.

- Also based on Australian Bureau of Statistics manufacturing industry grew by $7.6b in revenue!(17.8%) which means we still have larger market to cover and prosper.

Appendix