CUSTOMER 360

REPORT

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Table of Contents

CUSTOMER 360

Definition

Customer 360 is a concept in CRM that provides a comprehensive view of customers by aggregating information from various sources such as purchase history, email interactions, social media data, and customer service feedback. The goal is to create a complete customer profile, helping businesses understand customer needs and behaviors.

Benefits of Customer 360

- **Better Customer Understanding**: Provides detailed insights into customer behavior and preferences, optimizing marketing and sales strategies.

- **Improved Marketing Efficiency**: Analytical data helps identify target customer groups, creating more effective marketing campaigns, reducing costs, and increasing conversion rates.

- **Enhanced Internal Collaboration**: Enables departments like marketing, sales, and customer service to work together more effectively by sharing customer information.

RFM MODEL
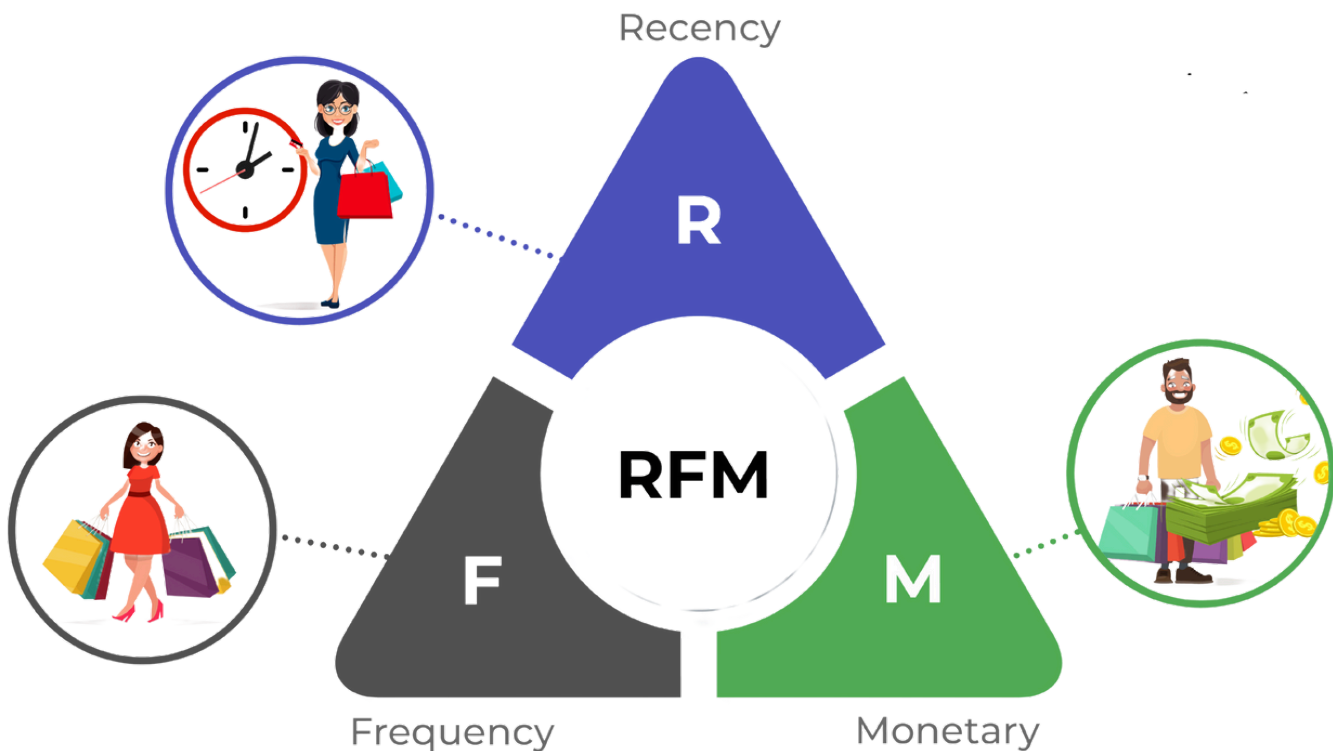
Definition

RFM Model is a customer data analysis technique widely used in marketing and CRM, helping businesses analyze and segment customers based on past purchasing behavior. The key factors of RFM include:

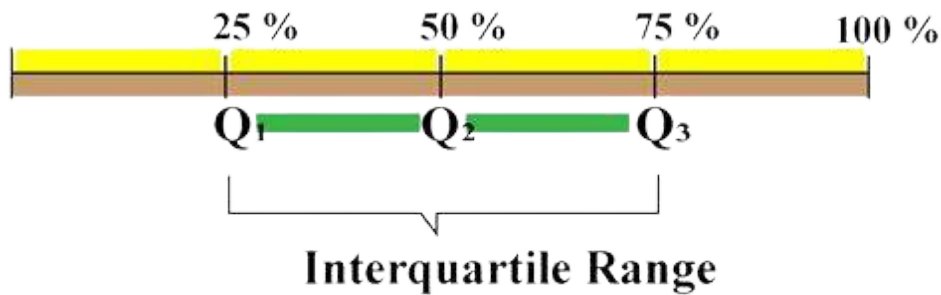## Key factors of RFM

Recency (R): The time since the customer's last purchase.

Frequency (F): The number of purchases a customer made in a specific period

Monetary (M): The total amount of money a customer spent in a specific period.

Quartile- IQR

1 Definition

Quartiles describe the distribution and dispersion of a dataset. Quartiles include three values: the first quartile (Q1), the second quartile (Q2), and the third quartile (Q3). These values divide the ordered dataset into four equal parts.

2 Components of IQR

- First Quartile (Q1): The value below which 25% of the data falls, also known as the 25th percentile.

- Third Quartile (Q3): The value below which 75% of the data falls, also known as the 75th percentile.

Segmentation

Segmentation	Description	Segment code
Champions	Recent purchasers who buy often and spend the most. Extremely valuable customers.	444, 443, 434, 433, 344, 343
Loyal Customers	Frequent buyers who may not have purchased recently but are consistent and reliable.	442, 441, 432, 431, 342, 341, 334, 333, 244, 243
Potential Loyalist	Recent buyers with moderate frequency and spending, showing potential to become loyal.	424, 423, 422, 421, 324, 323, 322, 321, 233, 234, 243
Promising	New customers with recent purchases and moderate frequency and spending.	414, 413, 412, 411, 314, 313, 312, 311, 224
New Customer	Recently acquired customers who have made only one purchase.	134, 133, 132, 131, 124, 123, 122, 121
Price Sensitive	Infrequent buyers with low spending, sensitive to price.	214, 213, 212, 211, 114, 113, 112, 111, 234, 233, 241, 242
Needs Attention	Customers with low recency and frequency but moderate spending, needing re-engagement.	144, 143, 142, 141, 134, 133, 124, 123, 234, 331
About to sleep	Customers who haven't purchased recently, have low frequency, and moderate spending.	324, 323, 322, 321, 224, 223, 222, 221, 332
Lost Customer	Customers who haven't purchased for a long time, rarely buy, and spend little.	231, 232, 233, 234, 231, 232, 233, 234, 131, 132, 133, 134, 121, 122, 123, 124

Steps to implement

1. RECENCY, FREQUENCY, MONETARY

- **Recency:** The time from 01/09/2022 to the most recent transaction date.
- **Frequency:** Total number of transactions divided by the number of years since the customer account creation.
- **Monetary:** Total transaction value divided by the number of years since the customer account creation.

2. EVALUATE METRICS

- Calculate min, max, and quartiles for evaluation.
- Score each metric from 1 (worst) to 4 (best).
- Create segment codes.

Điểm	1	2	3	4
R	≥ 92	92 − 62	62 − 31	31 − 1
F	≤ 0.19	0.19 − 0.23	0.23 − 0.26	≥ 0.26
M	≤ 75.000	75.000 - 85.000	85.000 - 105	≥ 105.000

3. CUSTOMER SEGMENTATION

- Total of 64 segment codes.
- Group customers into 9 categories: Champions, Loyal Customer, Potential Loyalist, Promising, New Customer, Price Sensitive, Needs Attention, About to sleep, Lost Customer.

Data analysis

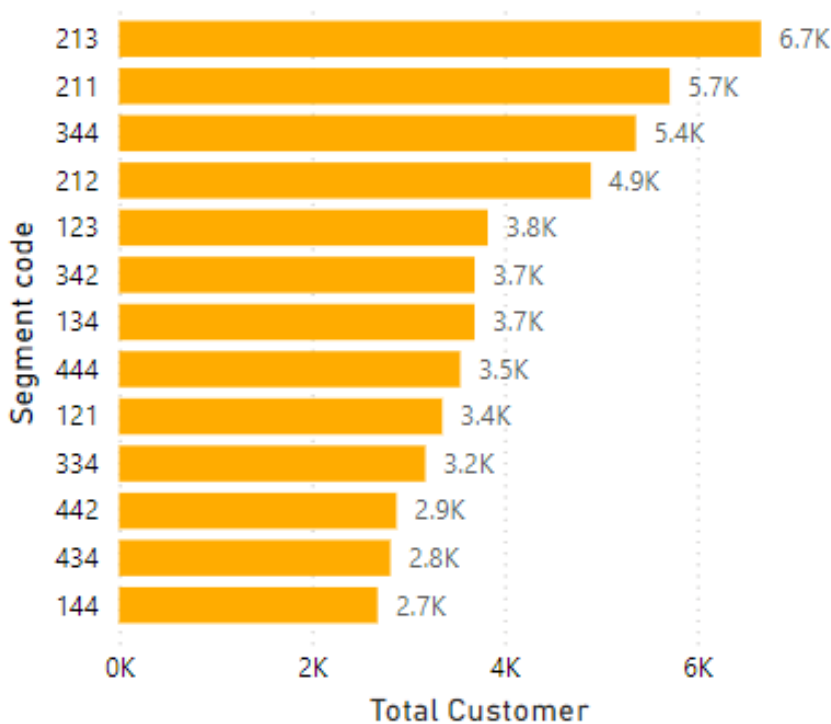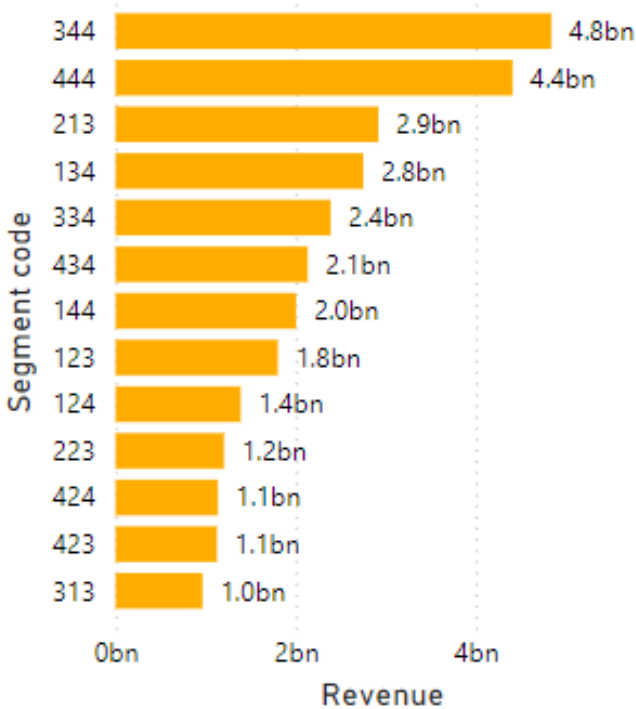| 114.080	64	9	40.42 bn
Customers	Segment codes	Segments	Revenue

The data analysis shows a total of over 114,000 customers, divided into 60 segment codes, with more than 1 million transactions occurring from 01/06/2022 to 01/09/2022.

Total customer by segment code

Segment code	Total Customer
213	6.7K
211	5.7K
344	5.4K
212	4.9K
123	3.8K
342	3.7K
134	3.7K
444	3.5K
121	3.4K
334	3.2K
442	2.9K
434	2.8K
144	2.7K

Revenue by segment code

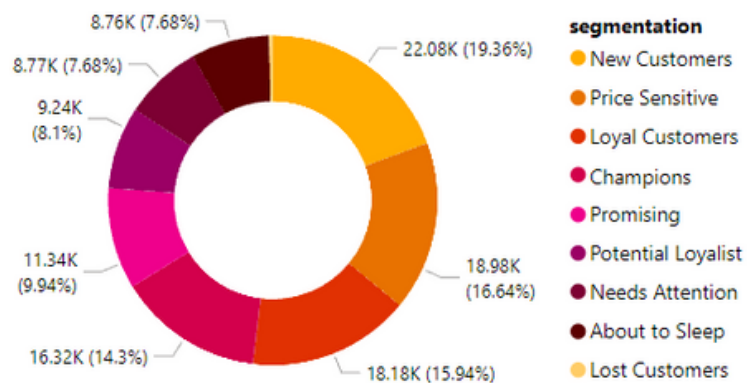| Segment code	Revenue
344	4.8bn
444	4.4bn
213	2.9bn
134	2.8bn
334	2.4bn
434	2.1bn
144	2.0bn
123	1.8bn
124	1.4bn
223	1.2bn
424	1.1bn
423	1.1bn
313	1.0bn

The two customer codes with the highest quantities are 213 and 211, both belonging to the Price Sensitive group. Following them is code 344, which belongs to the Champions group and also brings in the highest revenue with nearly 4.8 billion VND (accounting for nearly 11% of total revenue).
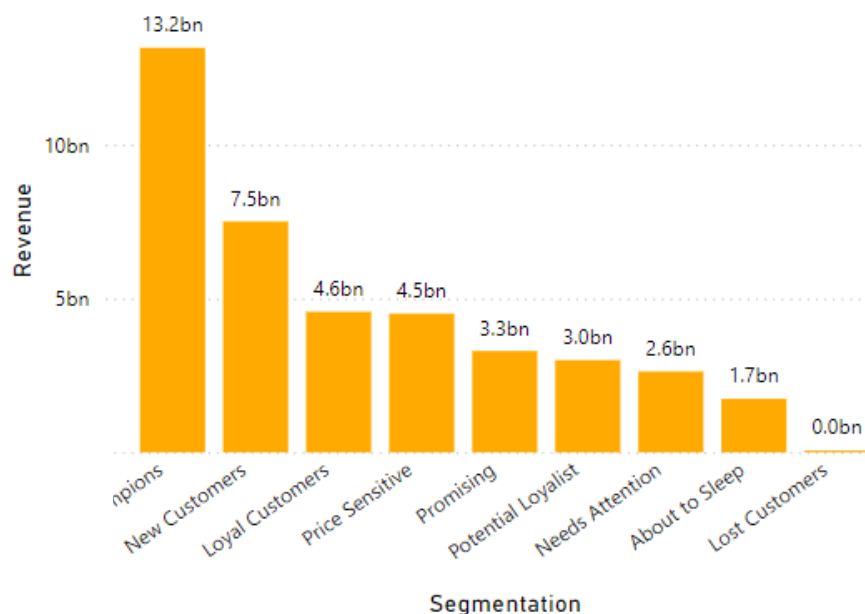
Importance of the Champions Segment

Overall, customers are fairly evenly distributed across groups, with the most being New Customers, totaling 22,084 people. Notably, the Lost Customers group accounts for the lowest proportion (0.36%) with only 416 people.

Although the 'Needs Attention' and 'About to Sleep' groups together account for only 15%, these are the customer groups that could potentially increase in number significantly.
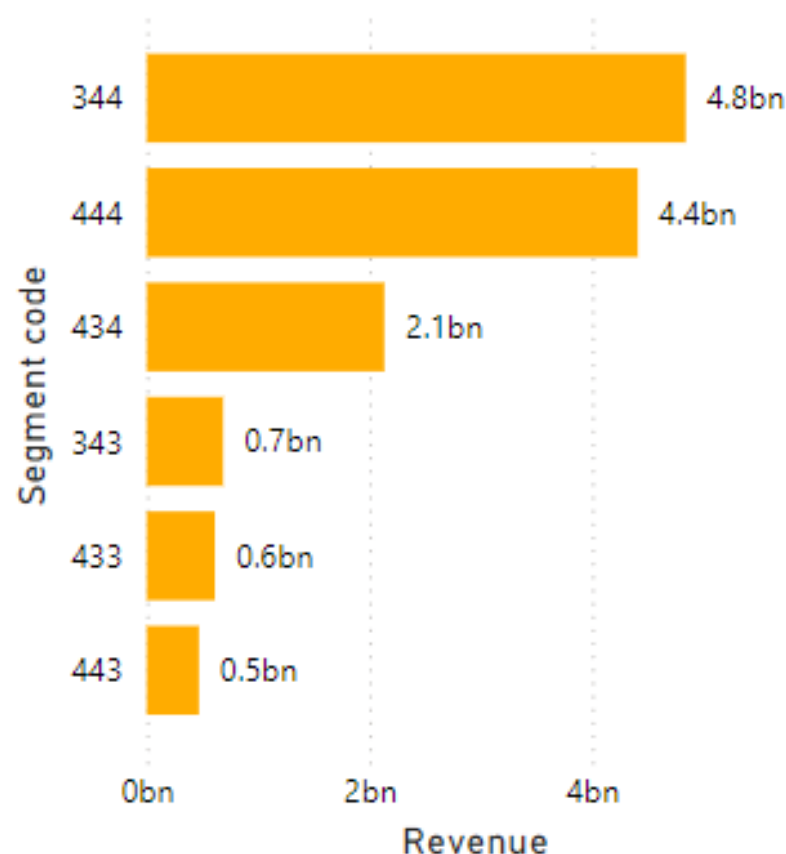
Total customer by segmentation

segmentation
- New Customers
- Price Sensitive
- Loyal Customers
- Champions
- Promising
- Potential Loyalist
- Needs Attention
- About to Sleep
- Lost Customers

8.76K (7.68%)
8.77K (7.68%)
9.24K (8.1%)
11.34K (9.94%)
16.32K (14.3%)
22.08K (19.36%)
18.98K (16.64%)
18.18K (15.94%)

Revenue by segmentation

13.2bn, 7.5bn, 4.6bn, 4.5bn, 3.3bn, 3.0bn, 2.6bn, 1.7bn, 0.0bn

Champions, New Customers, Loyal Customers, Price Sensitive, Promising, Potential Loyalist, Needs Attention, About to Sleep, Lost Customers

Revenue by segment code

Segment code	Revenue
344	4.8bn
444	4.4bn
434	2.1bn
343	0.7bn
433	0.6bn
443	0.5bn

The Champions segment accounts for 14.3% with over 16,000 customers. Despite this, this segment brings in a substantial revenue of 13.2 billion VND for the business.

Within the Champions group, the 344 and 444 codes are the most numerous and also have the highest revenue.

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THANK

YOU