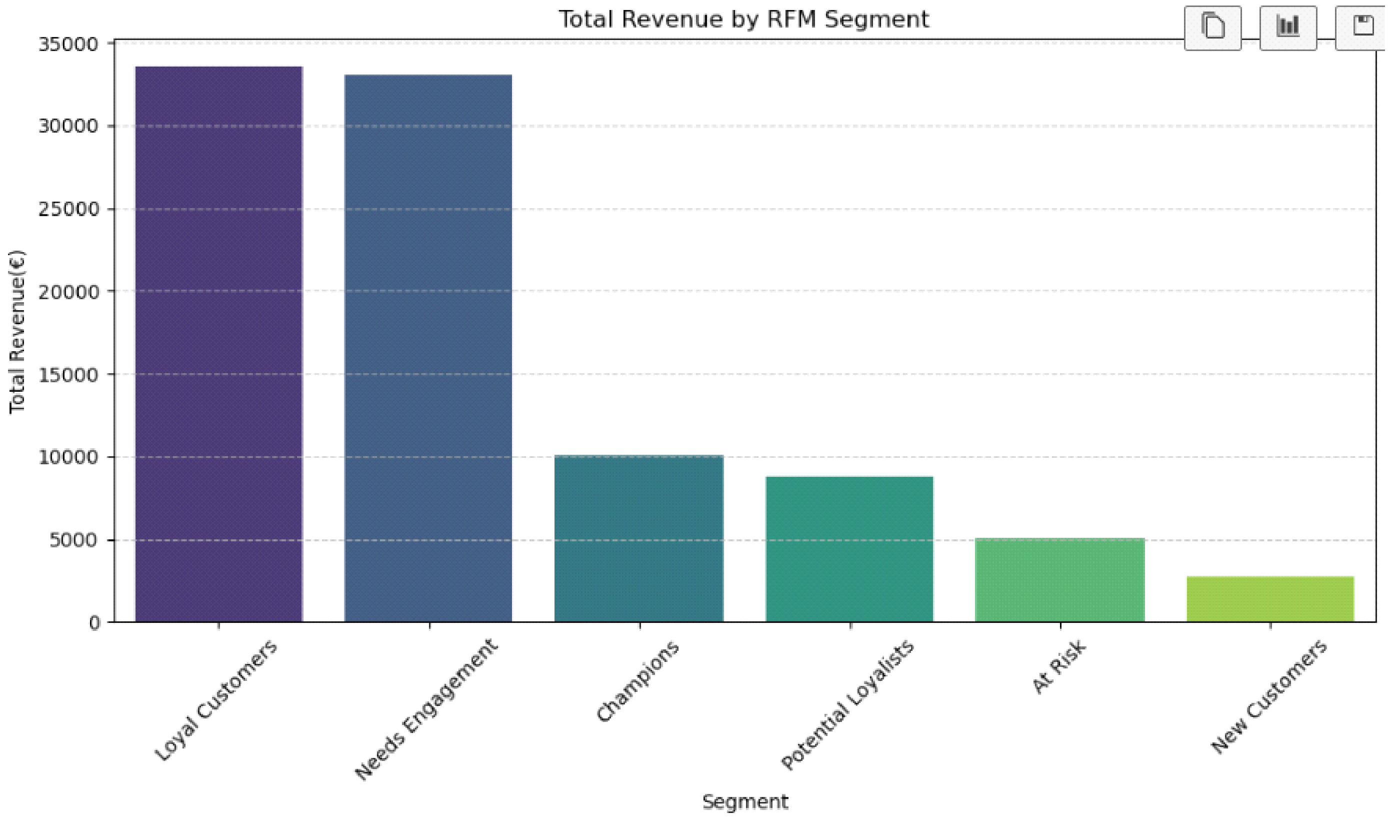
RFM Analysis

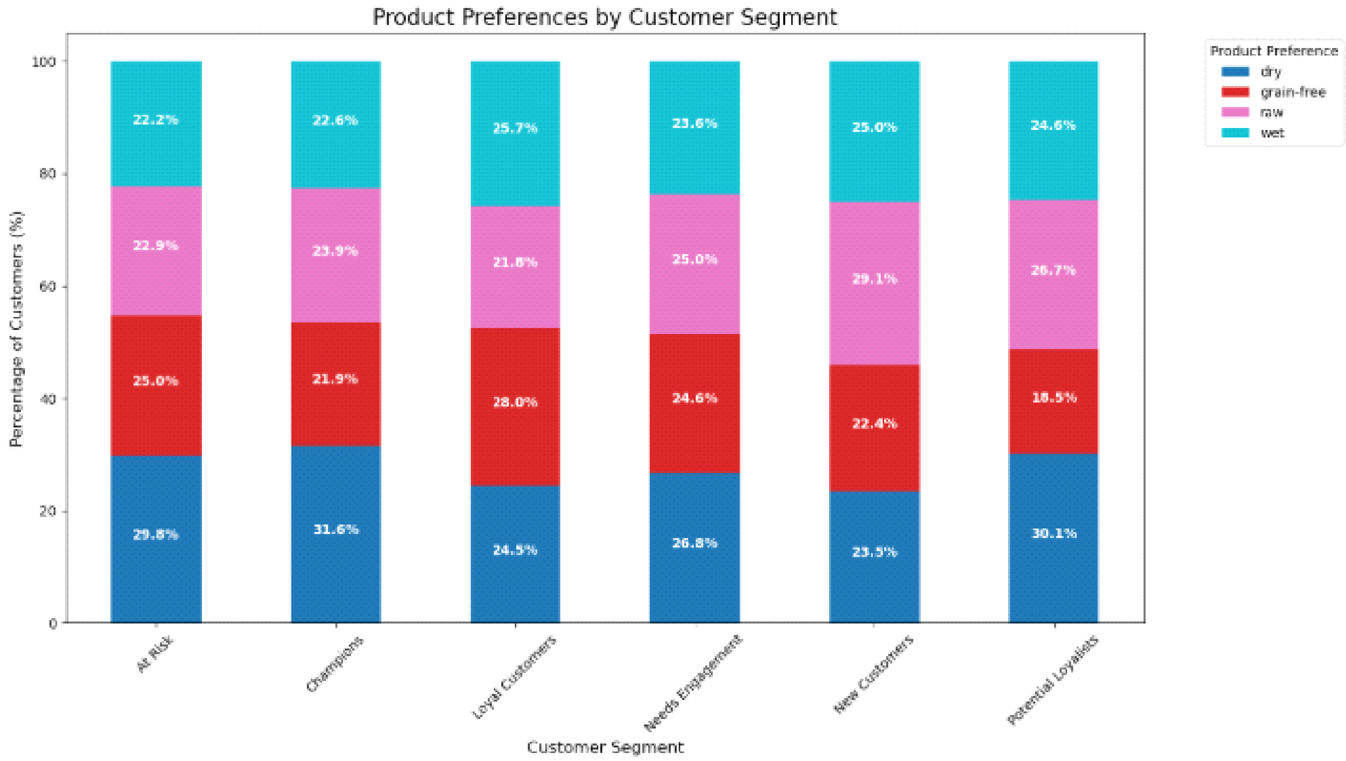
Saturday, May 3, 2025 11:15 PM

1. Revenue by RFM Segment



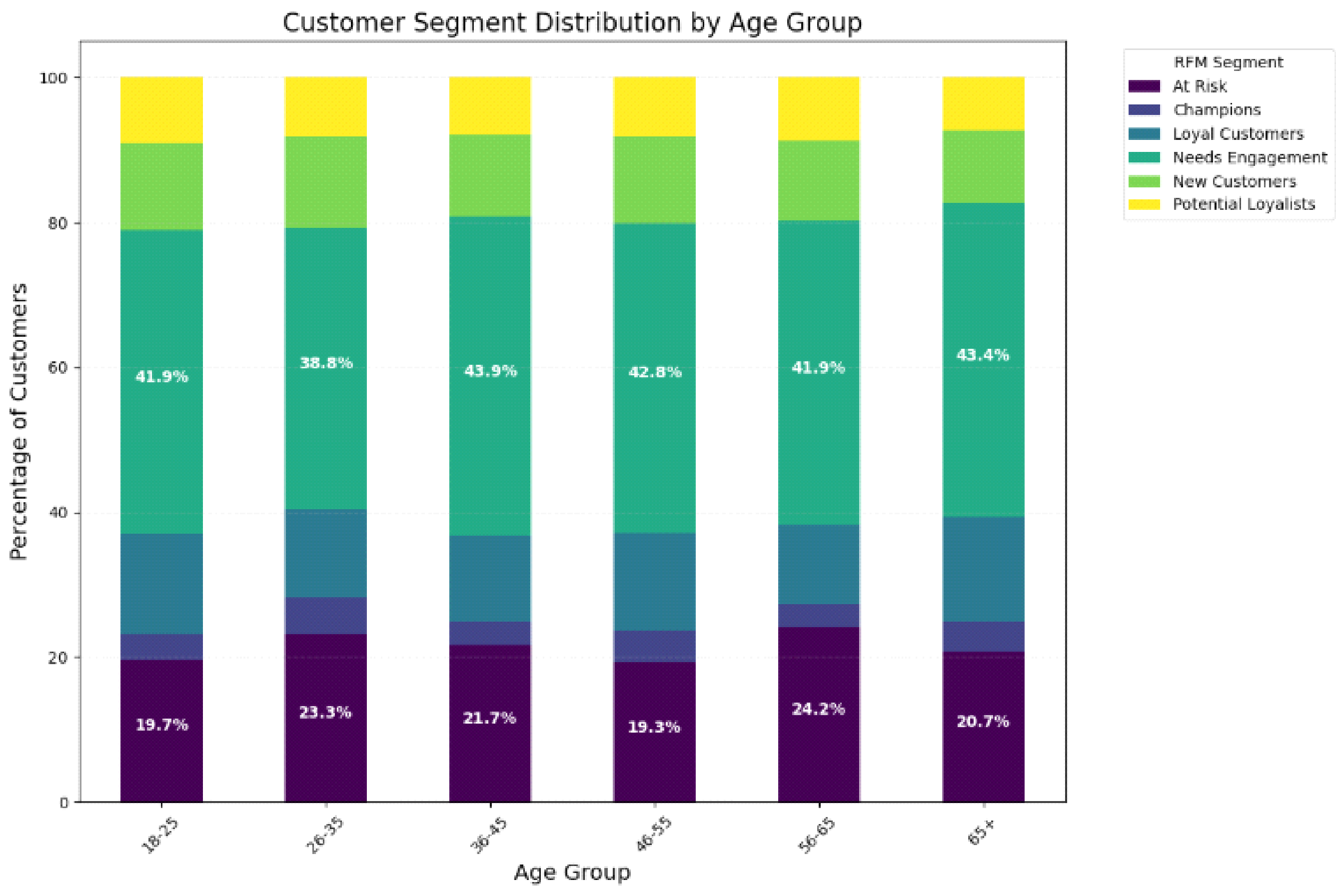
- **Loyal Customers** generate the highest total revenue due to high purchase frequency and strong monetary value, despite lower recency than Champions.
- **Needs Engagement** is the second-highest revenue group, driven by the large number of customers in this segment. This suggests many were previously high-value but have become inactive.
- **Champions** have the highest average spend per customer but contribute less total revenue due to smaller segment size.
- **Strategic retention efforts** should be directed at **Potential Loyalists**, **At Risk**, and **New Customers** to improve long-term value.

2. Product Preference distribution by Segment



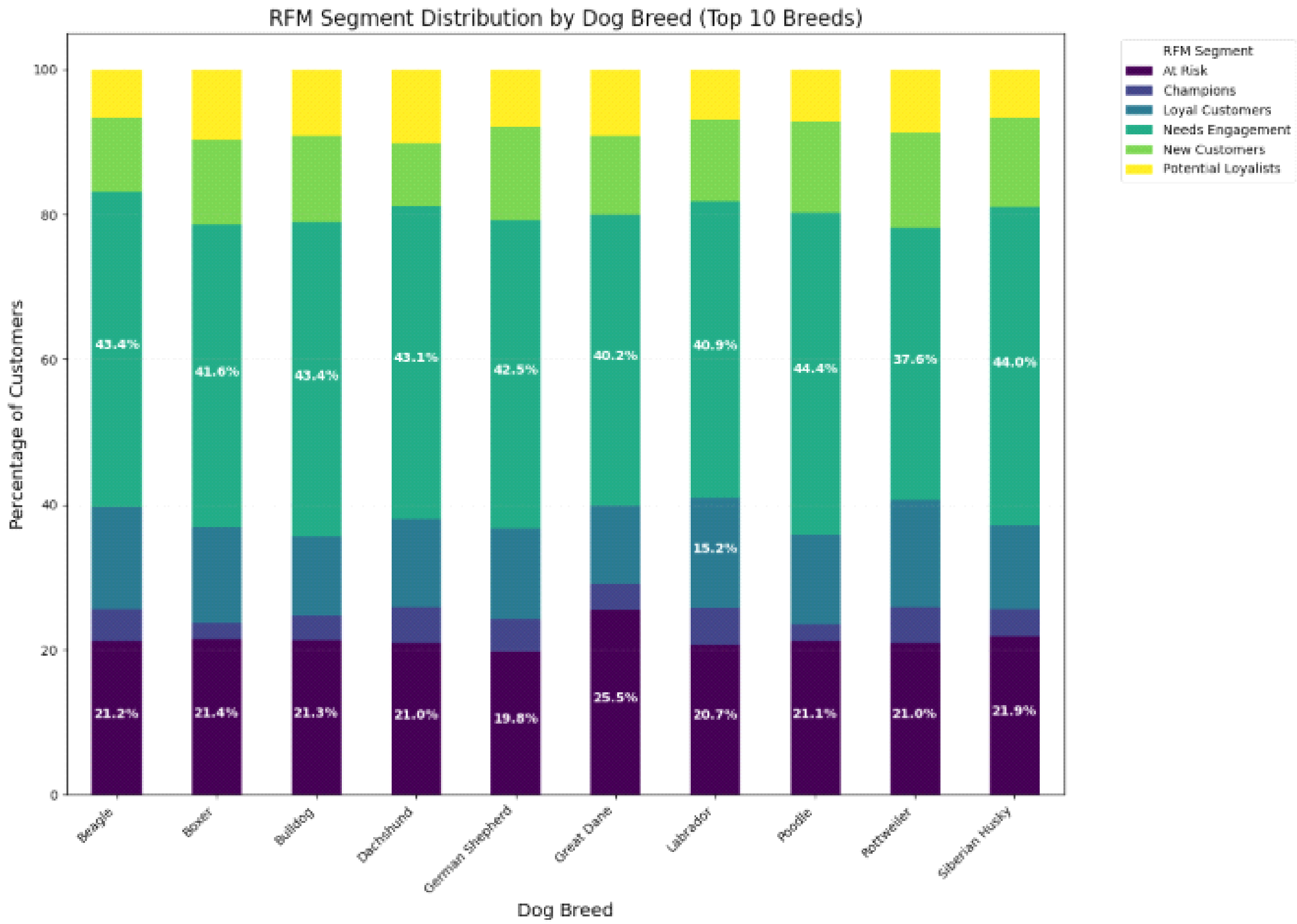
- **Dry food** is the most purchased category across all segments.
- It is followed by **raw food**, **grain-free**, and **wet food**, respectively.
- Product preferences remain largely consistent, indicating RFM differences are more behavioral than product-driven.
- Therefore, strategies such as segmented promotions, subscription programs, and/or personalized communication across the segme nts should be effective.

3. Segment Distribution by Age Group



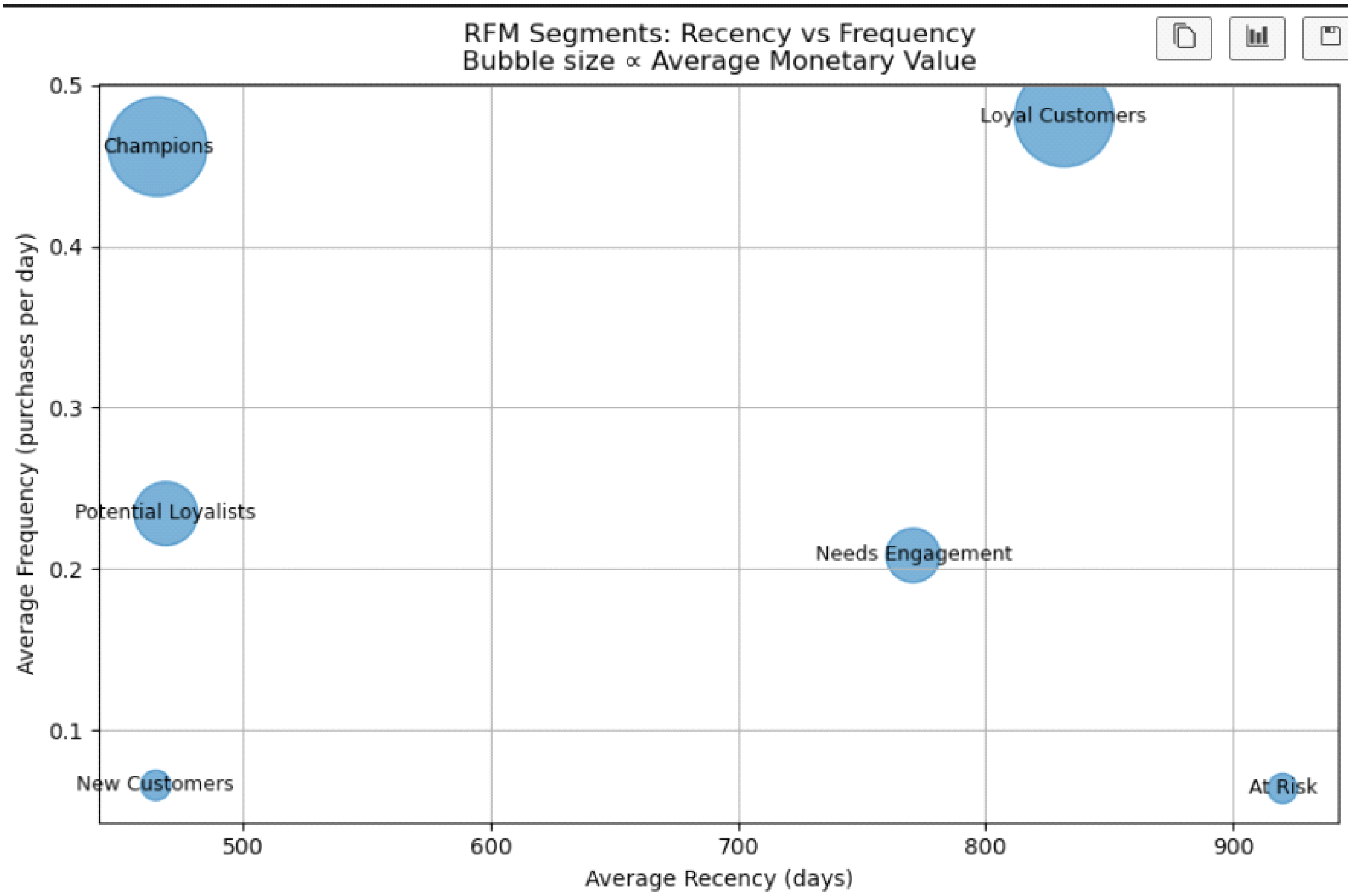
- **Needs Engagement** customers represent the largest share in each age group (ranging from 38.8% to 43.9%).
- **At Risk** customers are most common in the 56–60 age group (24.2%) and least common in the 18–25 group (19.7%).
- **Champions** & New customers are most concentrated among customers aged 26–35, suggesting this age group is highly engaged and valuable.

4. Segment Distribution by Dog Breed



- There is a significant difference in customer lifetime value (CLV) across breeds, with a 30% gap between the highest and lowe st.
- **Top CLV breeds** include Labrador (€637.47), Rottweiler (€603.09), and Beagle (€582.90).
- **Lowest CLV breeds** include Poodle (€527.31) and Siberian Husky (€489.77).
- Across all breeds, the most common segment is **Needs Engagement**. However, engagement difficulty varies:
  - **Poodle owners** are the hardest to re-engage (44.4% in Needs Engagement).
  - **Rottweiler owners** are the easiest to re-engage (37.6% in Needs Engagement).

5. Recency vs Frequency Bubble Chart (Bubble Size = Average Monetary Value)



- **Champions**: Most recent and frequent buyers with high average spend.
- **Loyal Customers**: Frequent buyers, slightly less recent, with similar value to Champions.
- **Needs Engagement**: Moderate frequency, less recent — reactivation opportunity.
- **Potential Loyalists**: Recent activity with mid-level frequency and spend — nurture to convert.
- **New Customers**: Very recent but low frequency and spend — onboarding focus.
- **At Risk**: Low activity and value, with long inactivity — low recovery potential.

OG:

RFM:

Total Revenue by Segment

- Loyal Customers earn the most, even over champion customers because of their high frequency & monetary value, although their recency is not the highest.

- Customers needing engagement are surprisingly the runner up since there are far more customers in that segment. Although they may be high in the chart, this could mean many of the customers have historically had high value but have become inactive.

- Champions have amongst the highest avg in the segment, but remain low in the chart due to low volume of those customers.

- Must strategically retain potential loyalists, customers at risk and new.

Product preferences by Segment

- Commonly between all segments, dry food is the most popular. Followed by raw, grain-free and lastly wet

Segment distribution by age group

-Across all ages, customers in need of engagement take 38.8 to 43.9%

-Customers at risk mostly lay within the ages 24.2%, while lowest in 18-25 range with a 19.7%.

-Most champions lay within ages of 26-35

Segment distribution by dog breed

- Significant CLV variation by dog breed (30% difference between highest and lowest)

- Top CLV breeds: Labrador (€637.47), Rottweiler (€603.09), Beagle (€582.90)

- Bottom CLV breeds: Poodle (€527.31), Siberian Husky (€489.77)

- All breeds show "Needs Engagement" as most common segment

- Engagement difficulty varies: Poodle owners hardest to engage (44.4%), Rottweiler owners easiest (37.6%)

Segments: Recency vs Frequency / Bubble: Average monetary value

-Champions

    -Most recent & frequent buyers

    -High spenders — top value customers

-Loyal Customers

    -Frequent buyers, slightly less recent

    -Similar value to Champions — strong retention group

-Needs Engagement

    -Haven't bought in a while

    -Moderate frequency, smaller spend

    -Target for reactivation

-Potential Loyalists

    -Recent purchases, moderate frequency

    -Mid-level spend — nurture to become Loyal

-New Customers

    -Very recent, low frequency and value

    -Focus on onboarding & engagement

-At Risk

    -Long inactive, very low activity and spend

    -Low recovery potential — deprioritize unless low cost