

CUSTOMER SEGMENTATION WITH RFM ANALYSIS

Strategic Marketing Insights using Power BI for Retail
Superstore

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INTRODUCTION

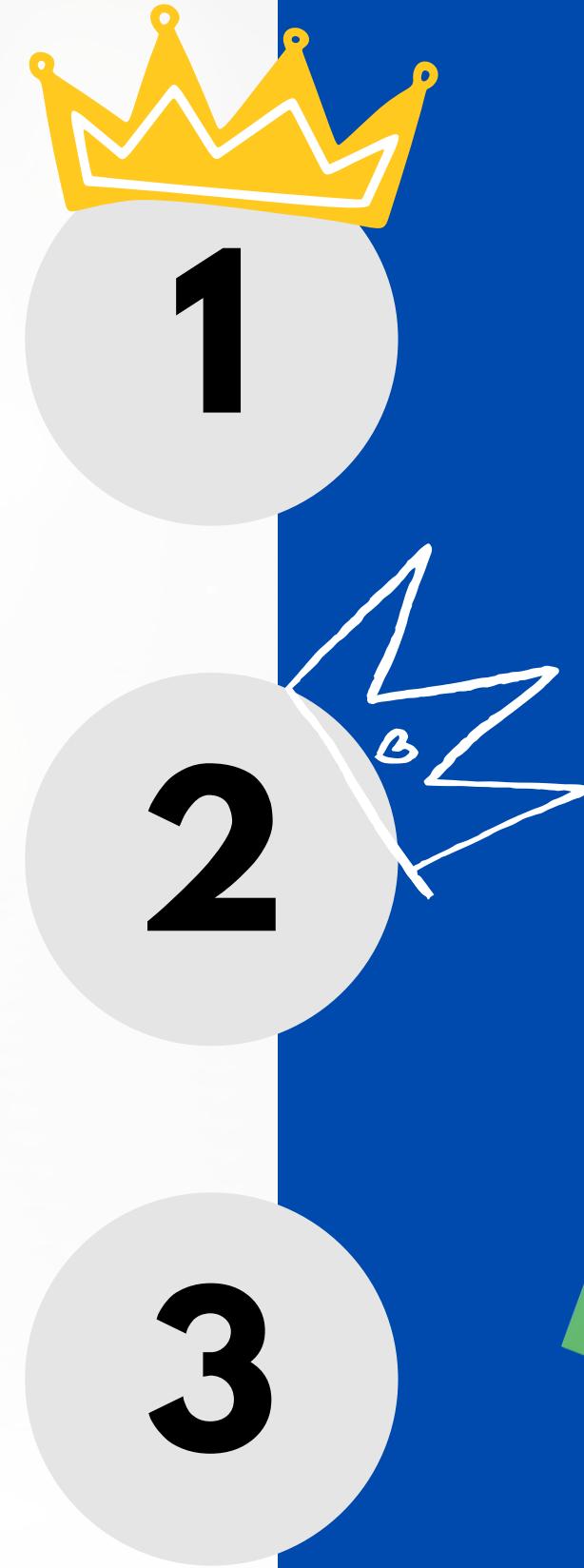
- **Objective:** Extract business growth insights through customer segmentation
- **Method:** RFM (Recency, Frequency, Monetary)
- **Tool:** Power BI

RFM Concept

- Recency (R): How recently a customer made their last purchase
- Frequency (F): How often a customer makes purchases
- Monetary (M): How much money a customer spends



CUSTOMER SEGMENTATION



KING (Champions)
Highest spending (median \$30,267), most frequent (22), very recent (16 days).

Strategy: Reward and retain them – exclusive offers, VIP programs, early product launches.

Loyal Customer
Consistent buyers, high frequency (16), low recency (20 days), strong monetary value (\$14,080).

Strategy: Strengthen relationship with loyalty rewards, personalized recommendations, and priority service.

Big Spender
Very high spenders (\$26,082), frequent but not as regular (9 purchases), still recent (12 days).

Strategy: Upsell premium products, offer tailored bundles, engage with high-value campaigns.



CUSTOMER SEGMENT



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Potential Loyalist

Largest Segment. Moderate recency (41 days), frequency (14), decent monetary value (\$12,280).

Strategy: Nurture them into loyalty with incentives (discounts, points), keep them engaged with reminders.

Promising/ Monthly Spender

Fairly recent (34 days), lower spend (\$3,236), low frequency (7).

Strategy: Encourage repeat purchases — email campaigns, first-time buyer perks, cross-selling.

At Risk

High spenders (\$21,980) and frequent (18), but last purchase was long ago (150 days).

Strategy: reactivation campaigns, strong personal outreach, time-limited offers.

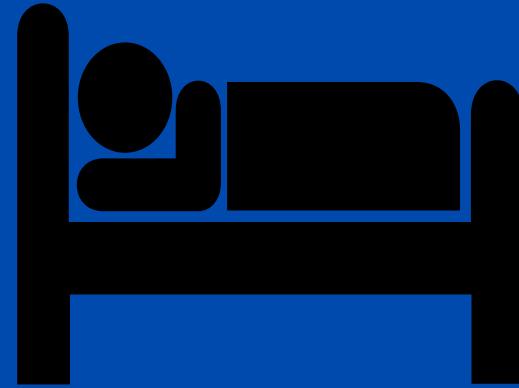
CUSTOMER SEGMENT



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Big Buyer

Surprisingly high spend (\$14,996) but inconsistent (10 purchases, 123 days recency).

Strategy: Clarify buying patterns, encourage more frequent purchases, and shift them toward loyalty.

Need Attention

Low spending (\$2,768), low frequency (6), very long since last purchase (284 days).

Strategy: Low-cost reactivation campaigns — newsletters, win-back discounts, new product teasers.

Hibernating

Lowest spending (\$2,768), low frequency (6), very long since last purchase (284 days).

Strategy: Low-cost reactivation campaigns — newsletters, win-back discounts, new product teasers.

KEY INSIGHT

Growth Opportunity:

1. Potential Loyalists (189 customers)
— biggest pool to convert into loyal buyers
- .2. Big Buyer (86 Customer) - Spent much money but rarely!



Core Strength:

KING + Loyal Customers + Big Spenders — though small (102 customers), they bring highest revenue.



Risk Zone:

At Risk (96) and Need Attention (114) – together 26% of base, need reactivation.

SOLUTION **NEXT STEPS**



Retention First

Protect Champions and Loyal Customers through exclusive perks. (VIP Access, early product launches)



Conversion Focus

Move Promising and Potential Loyalists Toward full Loyalty. Use personalized offers and encourage repeat order with next order discount



Win-Back Campaign

Directly address At Risk and Need Attention customers. Send personalized reactivation emails or direct call for high-value customer

SOLUTION NEXT STEPS



Cost-Efficient Reactivation:
Engage Hibernating with low-cost, broad campaigns like meta ads or whatsapp blast.

Behavioral Analysis:
Investigate Big Buyer anomalies and design targeted nudges. Use survey or just do purchase pattern analysis

Monitoring:
Track how customers migrate across segments to measure campaign impact. Set up monthly/quarterly dashboards

THANK YOU

LET'S CONNECT



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