CRM Analyst Case

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Purpose Statement

iFood is a well-established food delivery app from Brazil, operating worldwide, serving almost one million consumers a year.

Unfortunately, profit growth predictions for the next three years don't look promising.

For this reason, several strategic initiatives are being considered to invert this situation. One is to improve the performance of marketing activities, with special focus on marketing campaigns.

Keeping a high customer engagement is key for growing and consolidating the company's position as the market leader.

Objective

The next direct marketing campaign is scheduled for the next month. The new campaign, sixth, aims at selling a new gadget to the Customer Database. To test the market, the company launched a *pilot campaign* involving 2215 customers.

The customers were selected at random and contacted by phone regarding the acquisition of the gadget. Customers who bought the offer were properly labelled.

The success rate of the campaign was 15%. The total cost of the sample campaign was $6,720 and the revenue generated by the customers who accepted the offer was $3,674. Globally the campaign had a loss of 3,046$.

The objective of the team is to investigate the characteristic features of those customers who are willing to buy the gadget allowing the company to cherry-pick the customers that are most likely to purchase the offer while leaving out the non-respondents, making the next campaign highly profitable.

Summary

After conducting a detailed analysis by filtering customers based on various parameters and utilizing RFM segmentation, I've pinpointed a specific customer profile that is more likely to respond positively to the upcoming campaign.

This group consists of middle-aged individuals with a higher level of education and a substantial income. Interestingly, they tend to be without domestic partners or children.

Moreover, our data suggests that customers who have recently joined our platform and haven't spent much so far are especially receptive to our marketing efforts.

- Age
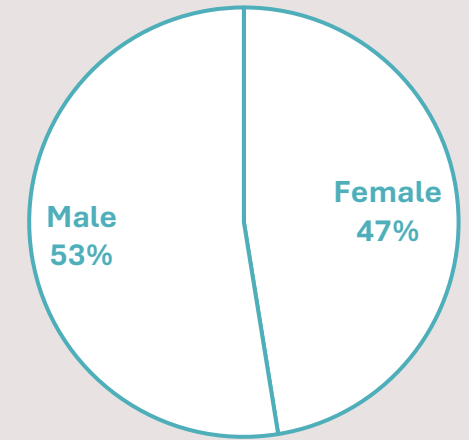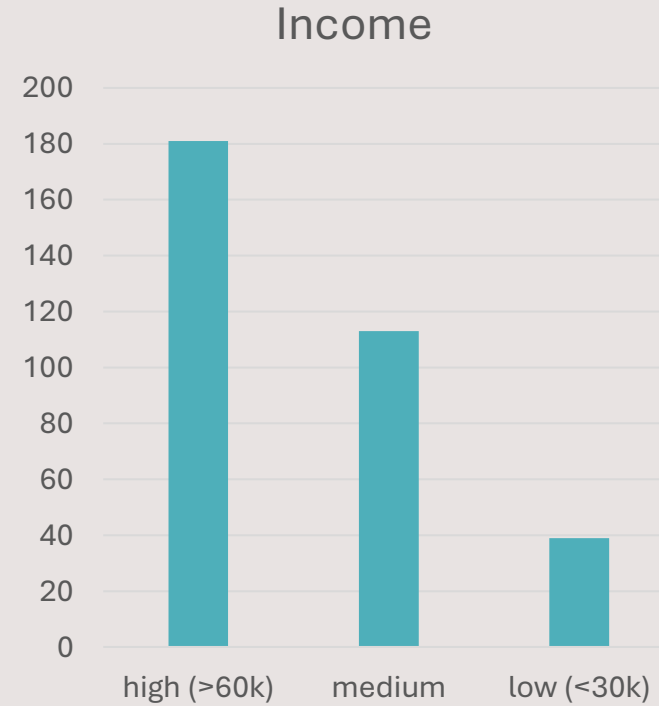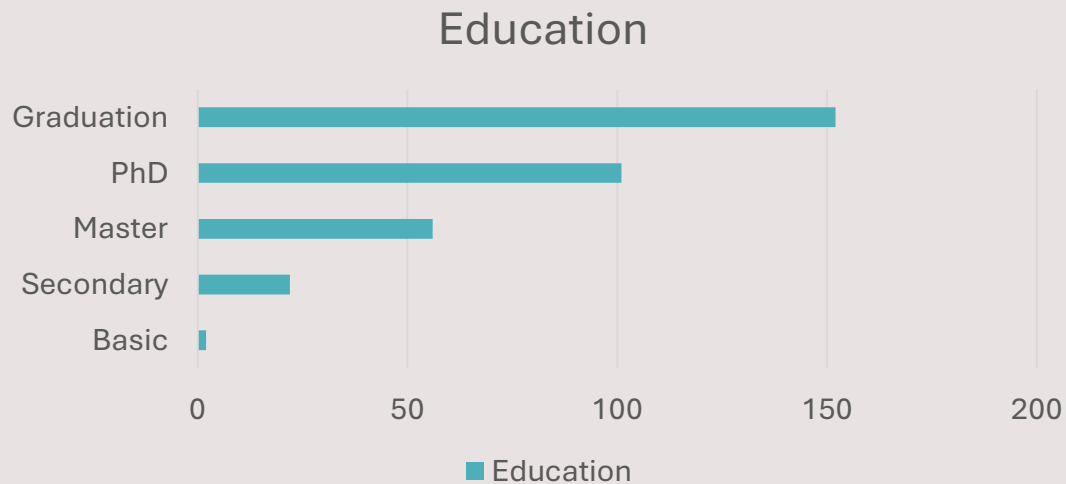- Gender
- Income
- Relationship status
- Number of kids
- Education
- Shopping channel
- Recency, Frequency, Monetary Value
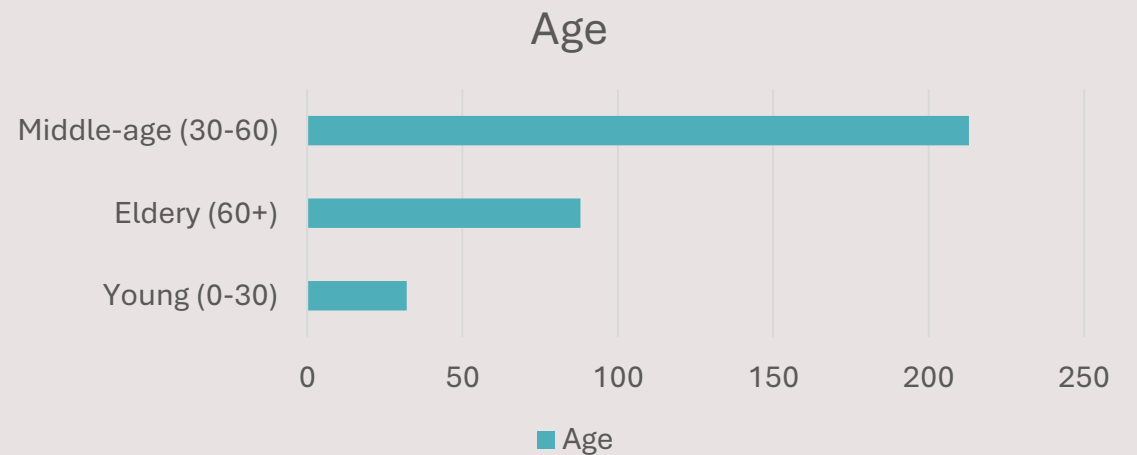
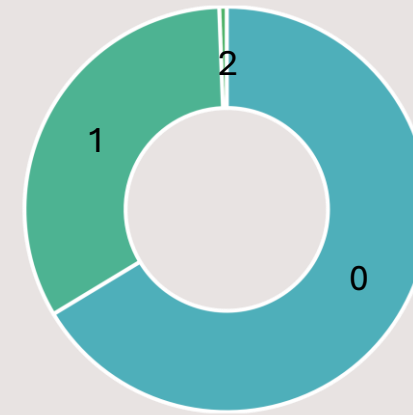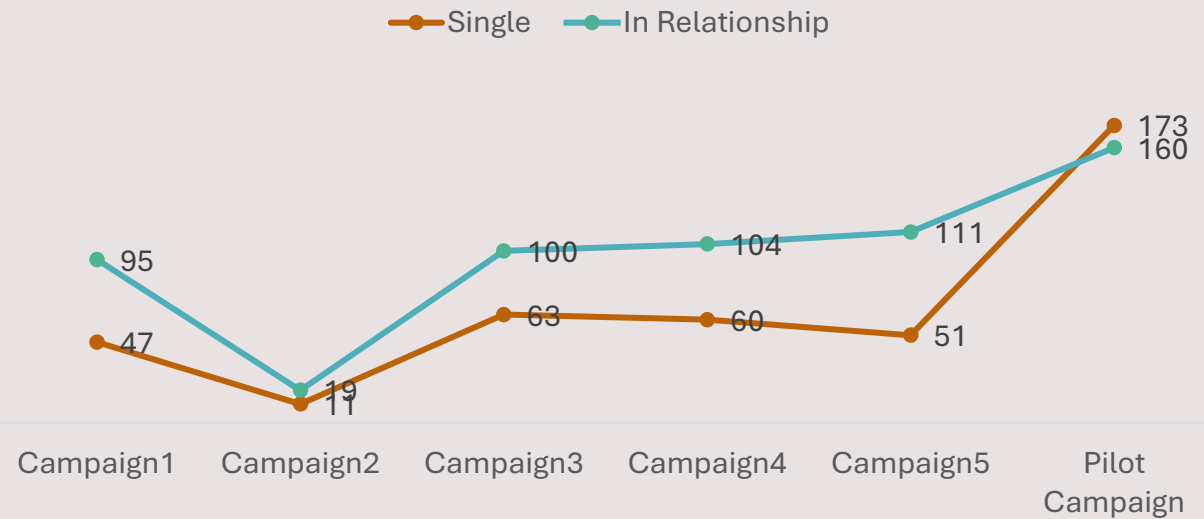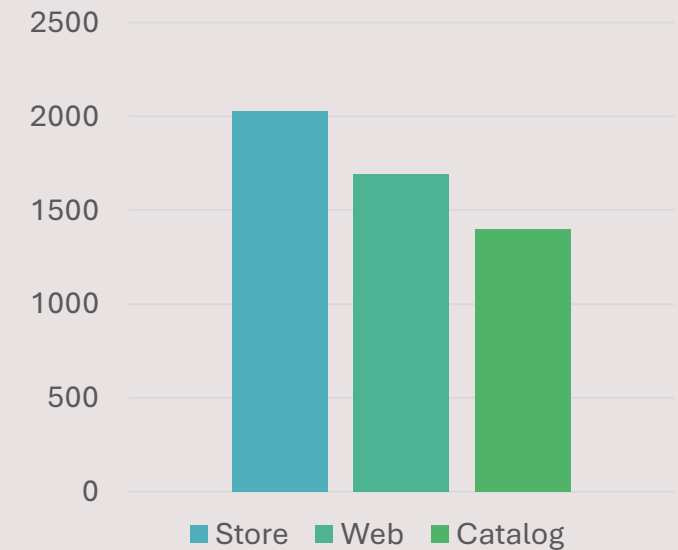# RFM Modeling

RFM modeling is a marketing analysis technique used to evaluate a customer's value. The RFM model is based on three factors:

Recency: How recently a customer has made a purchase

Frequency: How often a customer makes a purchase

Monetary Value: How much money a customer spends on purchases

An RFM model gives us numeric values, usually on a scale from 1 to 5, for the three measures above. These values help companies better understand customer behaviour and potential.

RFM Segmentation

5
- Champions
- Loyal Customers

4
- **Potential Loyalist   - recent customers who spent a good amount and bought more than once.**
- **Recent Customers - bought most recently, but not often.**

3
- **Promising - recent shoppers that haven't spent much.**
- Customers Needing Attention

2
- About To Sleep
- At Risk
- Can't Lose Them

1
- Hibernating
- Lost

RFM CATEGORIES

1
0%

2
14%

5
20%

3
23%

4
43%
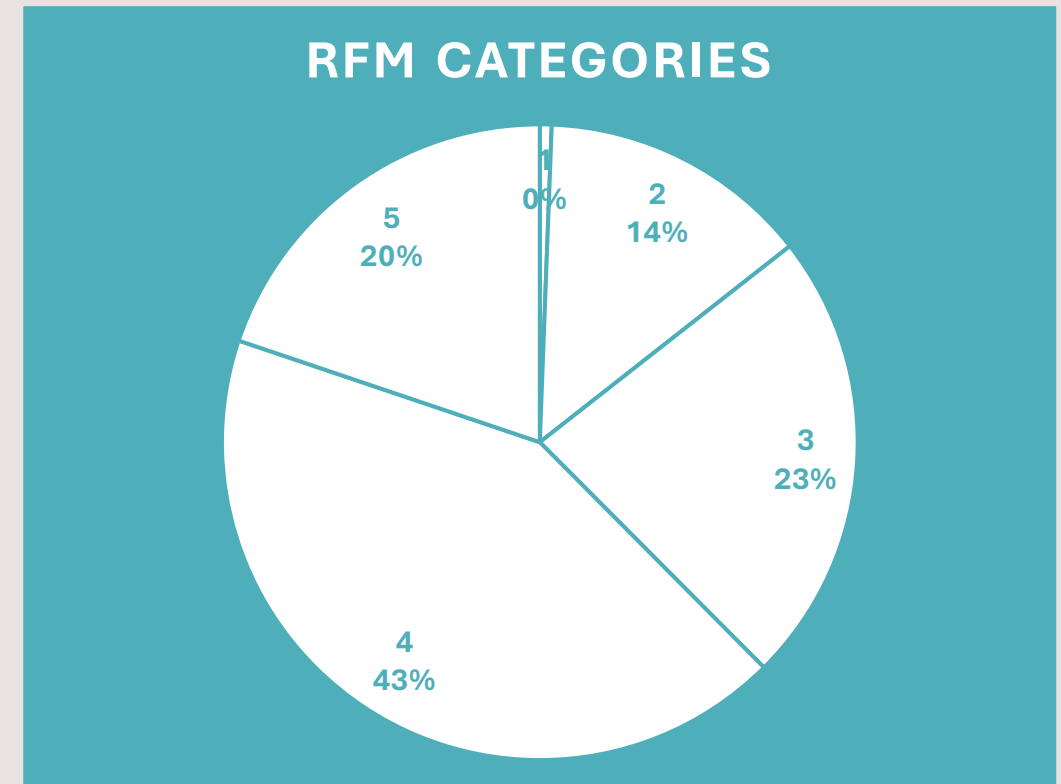
Potential Loyalist

- Offer membership/loyalty program

- Recommend other products

- Make them feel special

Recent

- Provide onboarding support

- Give early success

- Gift them discounts

- Start building relationships

Promising

- Offer free trials

- Give store credit

- Create brand awareness

Conclusion

The next campaign should target customers that are in segment four of RFM scoring

In addition to that, most likely buyers would be middle-aged educated people, without partners and kids that earn above average income.

Thank you