Context

Adventure Works database supports standard online transaction processing scenarios for a fictitious bicycle manufacturer - Adventure Works Cycles

RFM Analysis

Recency: How recently a customer has made a purchase
Frequency: How often a customer makes a purchase
Monetary: How much money a customer spends on purchases

RFM Quartiles

Score: **1 to 5**
Five is the best/highest value. One is the lowest/worst value
Final RFM score: combining individual RFM score numbers

Analyzing RFM Segmentation

Champions: are your best customers, who bought most recently, most often, and are heavy spenders.
Potential Loyalists: are your recent customers with average frequency and who spent a good amount.
New Customers: are your customers who have a high overall RFM score but are not frequent shoppers.
At Risk Customers: are your customers who purchased often and spent big amounts, but haven't purchased recently.
Can't Lose Them: are customers who used to visit and purchase quite often, but haven't been visiting recently.
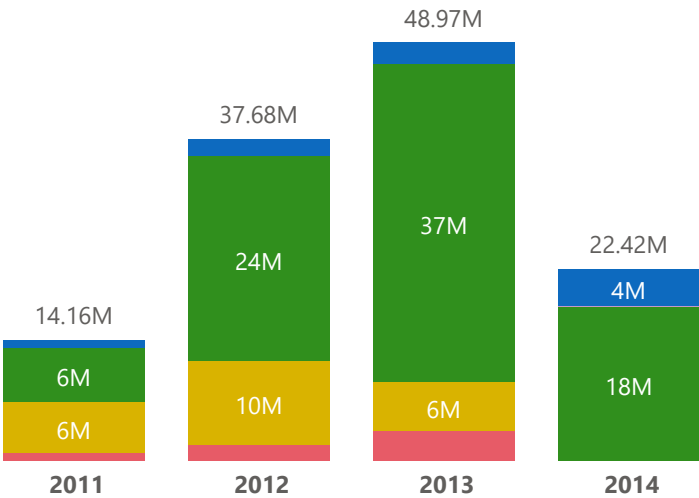
Customer Segmentation

123.22M
Total Revenue

19.12K
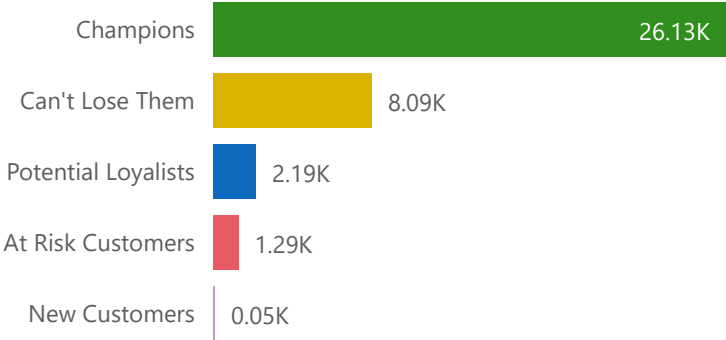Total Customer

Customer Revenue by Year

- ● At Risk Customers
- ● Can't Lose Them
- ● Champions
- ● New Customers
- ● Potential Loyalists

Customer Segment | with RFM analysis

At Risk Customers — 26%

Potential Loyalists — 23%

New Customers — 20%

Champions — 17%

Can't Lose Them — 14%

190.27
Avg of Recency

1.65
Avg of Frequency

6.44K
Avg of Monetary

Average Recency (days since last purchase)

Segment	Value
Can't Lose Them	424
At Risk Customers	269
Potential Loyalists	130
New Customers	104
Champions	62
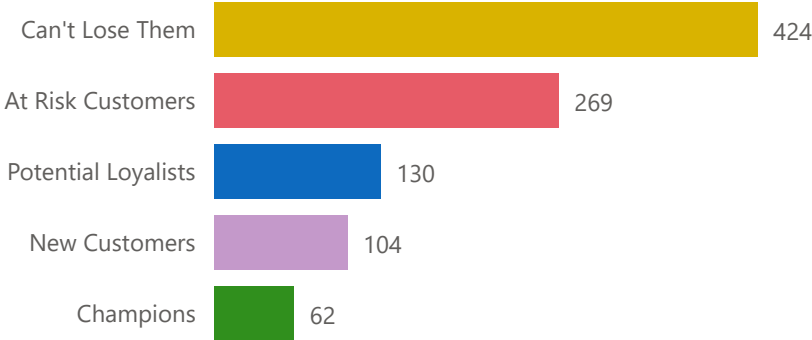
Average Frequency (count of orders)

Segment	Value
Champions	3
Potential Loyalists	2
Can't Lose Them	1
At Risk Customers	1
New Customers	1
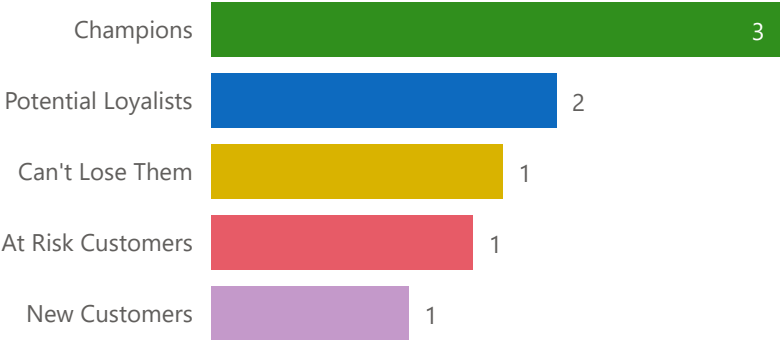
Average Monetary (total amount)

Segment	Value
Champions	26.13K
Can't Lose Them	8.09K
Potential Loyalists	2.19K
At Risk Customers	1.29K
New Customers	0.05K

Customer Segment by Year

Legend:
- At Risk Customers
- Can't Lose Them
- Champions
- New Customers
- Potential Loyalists

2011 — 1.61K
2012 — 3.92K
2013 — 14.18K (2.4K, 3.1K, 2.4K, 5.8K)
2014 — 11.76K (4.1K, 3.4K, 4.3K)
2012: 1.5K
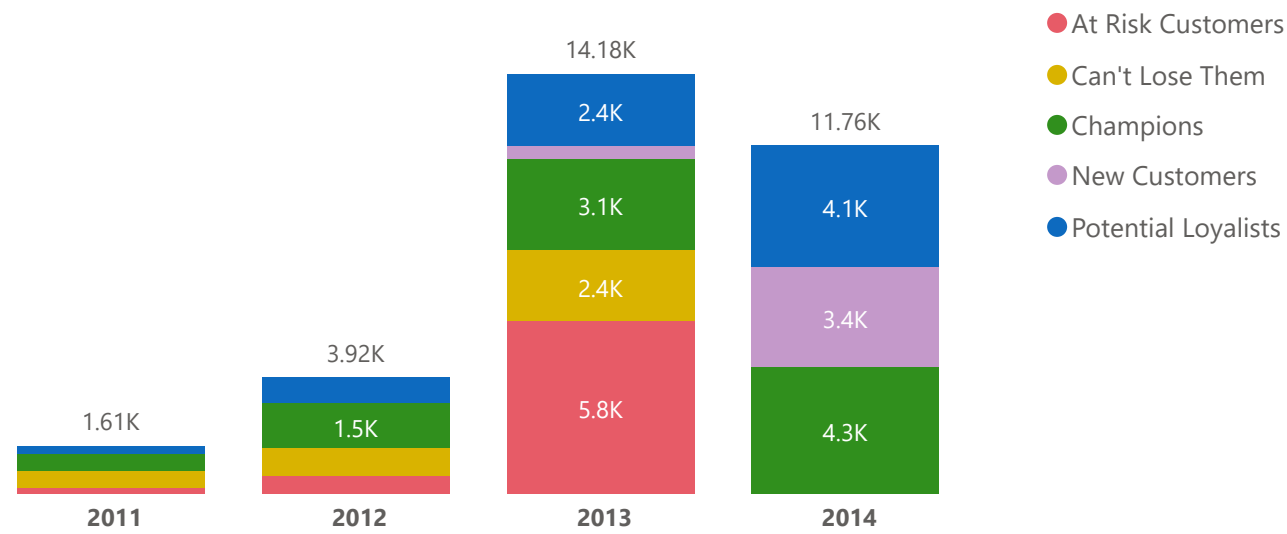
Count of Customer by Segment

Legend:
- At Risk Customers
- Can't Lose Them
- Champions
- New Customers
- Potential Loyalists

Countries: United States, Australia, United Kingdom, France, Germany, Canada

X-axis: 0K, 1K, 2K
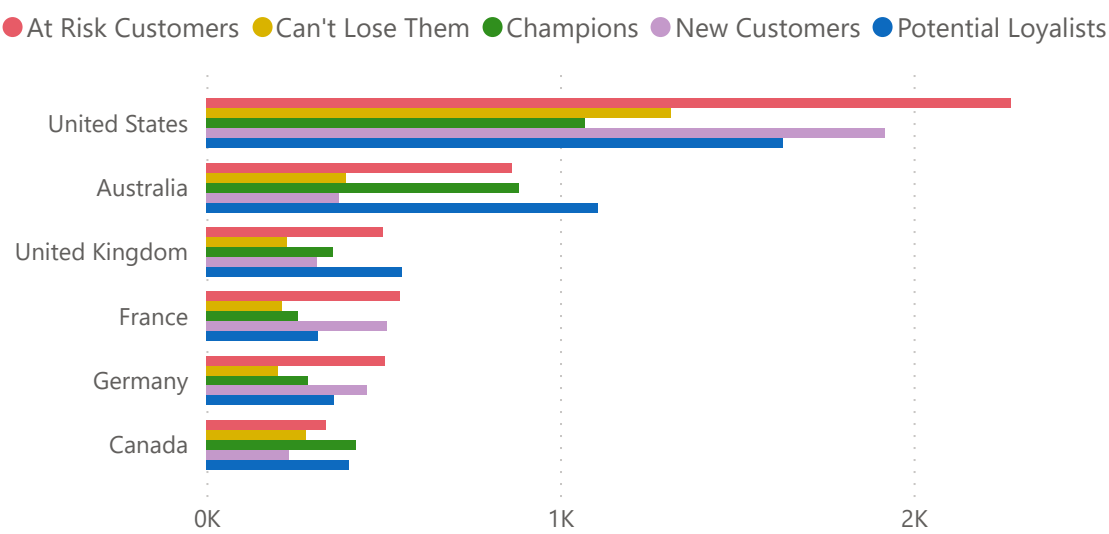
Customer Segment by Category

Legend:
- Accessories
- Bikes
- Clothing
- Components

Segment	Accessories	Bikes	Clothing	Components
At Risk Customers	9.3K	3.0K	2.2K	0.1K
Can't Lose Them	3.4K	6.8K	2.6K	2.1K
Champions	12.2K	25.2K	12.7K	16.5K
New Customers	6.9K		1.3K	
Potential Loyalists	9.4K	5.0K	2.6K	0.1K
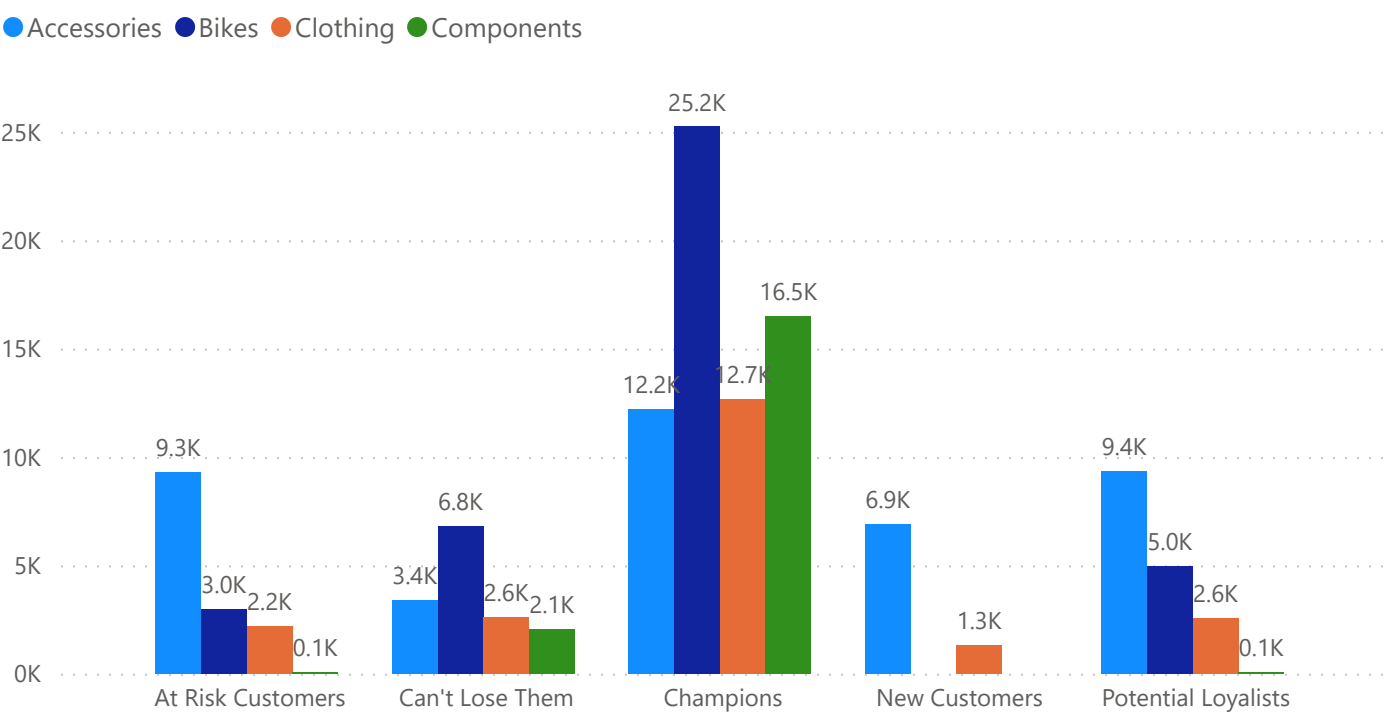
Total Amount of Segment by Category

Legend:
- Accessories
- Bikes
- Clothing
- Components

Segment	Accessories	Bikes	Clothing	Components
At Risk Customers	0.17M	5.56M	0.08M	
Can't Lose Them	0.11M	17.20M	0.24M	
Champions	0.69M	63.55M	1.66M	10.25M
New Customers	0.11M		0.05M	
Potential Loyalists	0.19M	8.34M	0.10M	

Y-axis: 0M, 20M, 40M, 60M
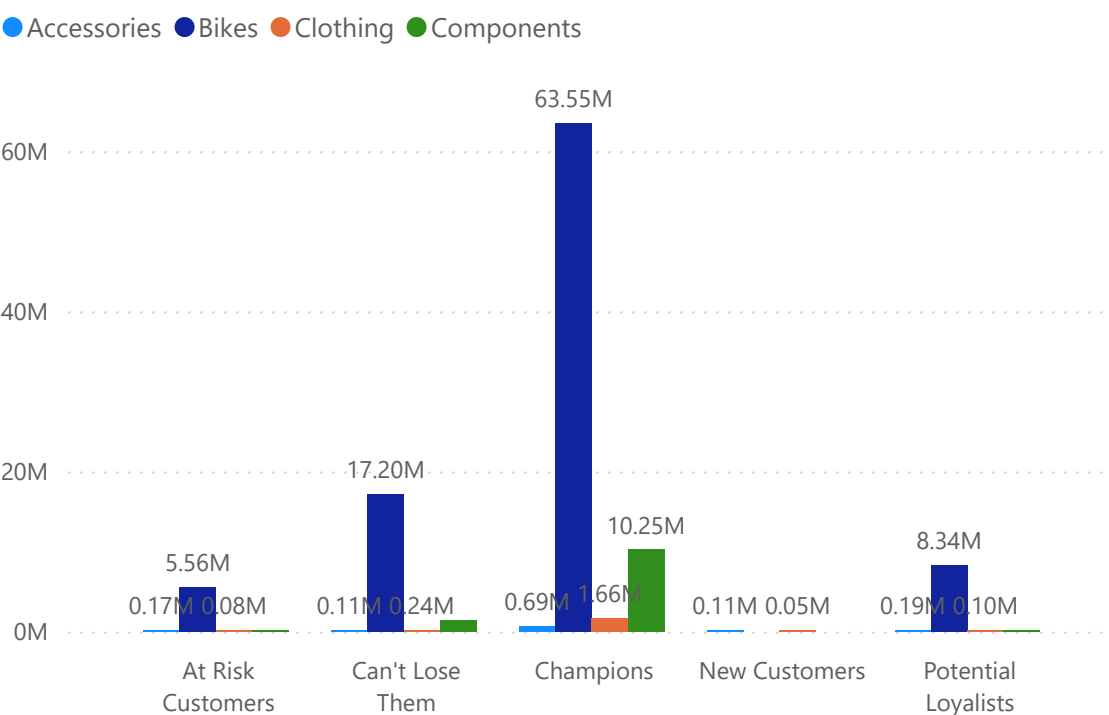
Analyzing RFM Segmentation

Champions: Reward these customers. They can become early adopters for new products and will help promote your brand.

Potential Loyalists: Offer membership or loyalty programs or recommend related products to upsell them and help them become your Loyalists or Champions.

New Customers: Start building relationships with these customers by providing onboarding support and special offers to increase their visits.

At Risk Customers: Send them personalized reactivation campaigns to reconnect, and offer renewals and helpful products to encourage another purchase.

Can't Lose Them: Bring them back with relevant promotions, and run surveys to find out what went wrong and avoid losing them to a competitor.

Inefficacies of RFM model

Dependent on seasonal buying patterns
Data analytics tools