

# Customer Segmentation Executive Report – RFM Analysis

## 1. Executive Summary

This report presents the key findings of the customer segmentation conducted using the RFM analysis (Recency, Frequency and Monetary Value), combined with clustering techniques. This segmentation enabled the identification of four clearly defined customer groups, each with distinct behavioral characteristics. The results provide a strong foundation for strategic decision-making aimed at improving customer loyalty, optimizing marketing campaigns, and maximizing customer value.

## 2. Methodology

The RFM model was applied to the customer database, evaluating the following:

- **Recency (R):** Days since the customer's last purchase.
- **Frequency (F):** Total number of purchases made.
- **Monetary Value (M):** Total amount spent by the customer.

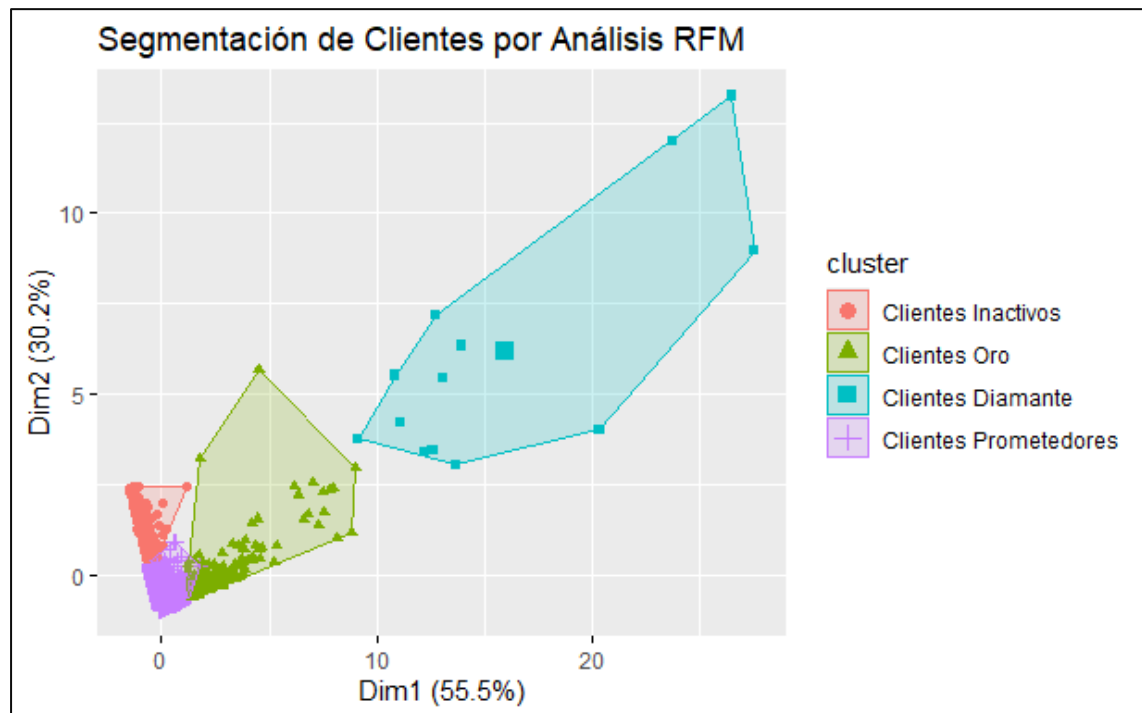
A clustering algorithm was then used to group customers into homogeneous segments based on these three metrics.

## 3. Segmentation Results

*Cluster Summary Table*

Segment	No. of Customers	Avg. Recency	Avg. Frequency	Avg. Monetary Value
Diamond Customers	13	7.6 days	82.5	\$11,779,369
Gold Customers	210	14.2 days	22.2	\$1,137,004
Promising Customers	3,052	44.5 days	3.65	\$124,149
Inactive Customers	1,063	249 days	1.55	\$46,593

### Cluster Visualization Graph



A graphical representation was generated to visualize the cluster distribution in two dimensions.

#### 4. Segment Profiles

##### ► Diamond Customers

- **Description:** Extremely high-value customers. They purchase frequently and very recently.
- **Recommended Strategy:** Full personalization, VIP benefits, proactive retention efforts.

##### ► Gold Customers

- **Description:** High purchase frequency and recent activity. Generate significant revenue.
- **Recommended Strategy:** Loyalty programs, exclusive promotions, regular engagement.

##### ► Promising Customers

- **Description:** Customers with recent activity and moderate frequency. Growth potential.

- **Recommended Strategy:** Nurturing campaigns, incentives to increase purchase frequency.

#### ► *Inactive Customers*

- **Description:** Customers who have not interacted in a long time and have low cumulative value.
- **Recommended Strategy:** Reactivation campaigns, surveys to understand disengagement causes.

### 5. Strategic Recommendations

1. **Retention of Premium Customers (Diamond and Gold):** Invest in exclusive experiences and preferential service.
2. **Activation of Promising Customers:** Offer rewards for new purchases and strengthen the relationship.
3. **Recovery of Inactive Customers:** Launch re-engagement campaigns and churn analysis.
4. **Marketing Optimization:** Tailor messages and promotions based on each customer segment.

### 6. Conclusion

Thanks to the RFM-based segmentation, we have identified four customer groups with clearly differentiated behaviors. This allows for the implementation of personalized marketing strategies tailored to each group's characteristics.

Since **recency and frequency are key variables** in this analysis, we recommend conducting this segmentation **every six months** to detect behavior changes and shifts between segments. Additionally, it's advisable to implement tracking systems for each segment and perform **A/B testing** to evaluate the effectiveness of the proposed strategies.