



F E M I N I Z

## RFM Analysis : Insights & Recommendations

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# Context of the study



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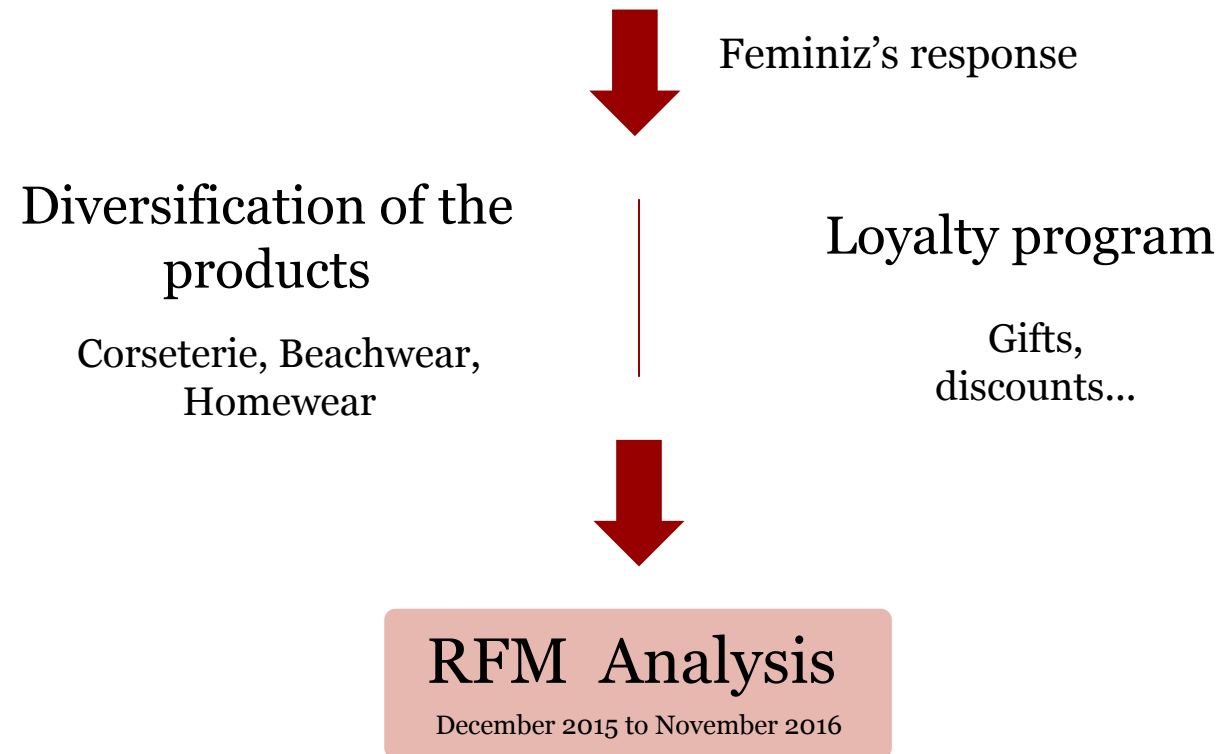
**The brand “Feminiz” is subject to a strong competition on the lingerie market. One of the first action was to develop a wider range of complementary products with bathing suits and home-wear. In parallel, a loyalty program was developed to connect with the clients and reward them. Yet, to go further in the perspective of differentiation from its competitors, “Feminiz” wishes to establish a RFM segmentation to communicate differently with its clients and to allocate optimally its marketing investments. The lingerie brand “Feminiz” is thus commissioning us to make a RFM analysis of its clientele on the time period December 2015 to November 30th 2016. And finally, we will be focusing on the weak customer segmentation.**

# Context of the study



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Strong **competition** on the lingerie market



# Presentation Outline



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- **Main Objectives of Study**
- **RFM segmentation**
  - **Presentation**
  - **Comparison of Segments**
    - **Sensitivity**
    - **Eclecticism**
    - **Diversification**
- **Analysis of Weak customers**
- **Conclusion and Recommendations**

# Objectives



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**Connect with your clients**

**Be different from your competitors**

**Understand your customers**

**Who are your clients ?**

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# RFM Segmentation: Presentation



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**Recency of  
purchase**



**Number of purchase  
over a given time  
period**

**Frequency  
of purchase**



**Time since the last  
purchase**

**Monetary  
Value of  
purchase**



**Cumulative purchase  
amount**

# RFM Segmentation: Presentation



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## Recency

**Low:** Last purchase more than **7 months ago**

**Medium:** Last purchase between **4 and 7 months ago**

**Large:** Last purchase was less than **4 months ago**

## Frequency

**Low:** **1 visit** over the period of December 2015 till November 2016

**Medium:** **2 visits** over the same period

**Large:** **More than 2 visits** over the same period

## Monetary Value

**Low:** Cumulative purchase value of **less than 100 euros**

**Medium:** Cumulative purchase value **between 100 and 250 euros**

**Large:** Cumulative purchase of **more than 250 euros**



# A first look at the RFM Results

For the time period starting 01/12/2015 till 30/11/2016

Previous  
thresholds



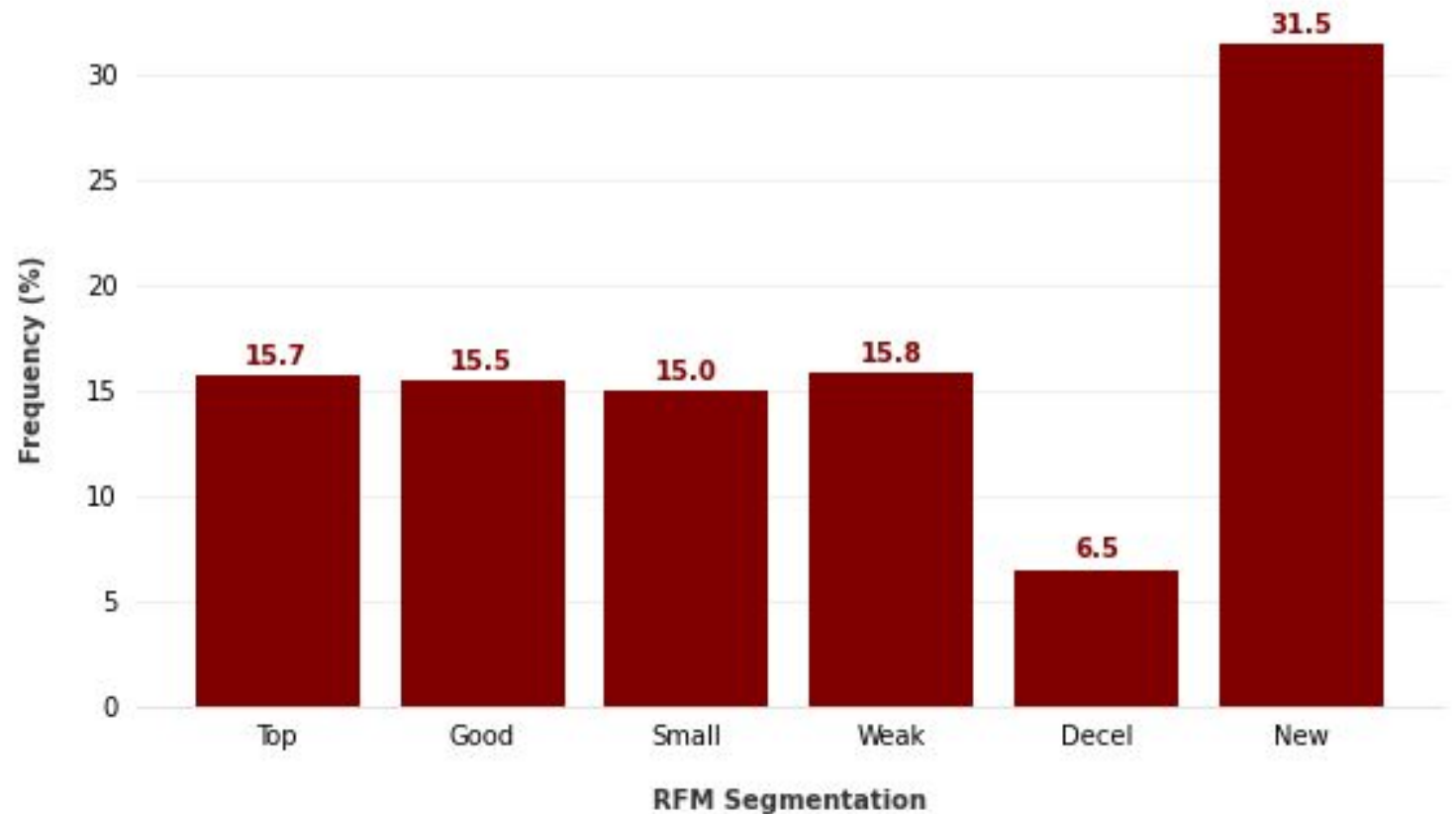
**6 new segments  
of clients**

- Top customers
- Good customers
- Small customers
- Weak customers

Two “special” segments:

- New customers (entered the loyalty program over the past year)
- Deceleration (high spendings but no recent buyings)

Distribution of the new RFM segmentation

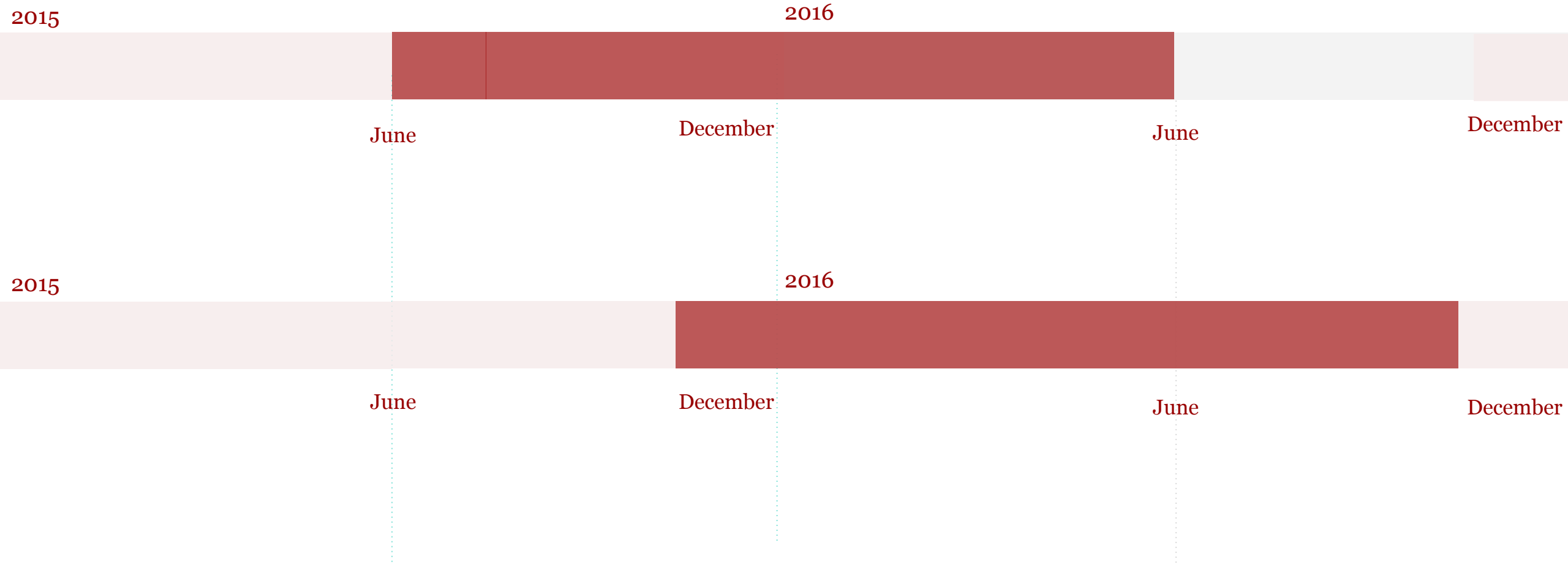


# Is the RFM stable over time?

## An insight in the period 01/06/2015 till 30/05/2016



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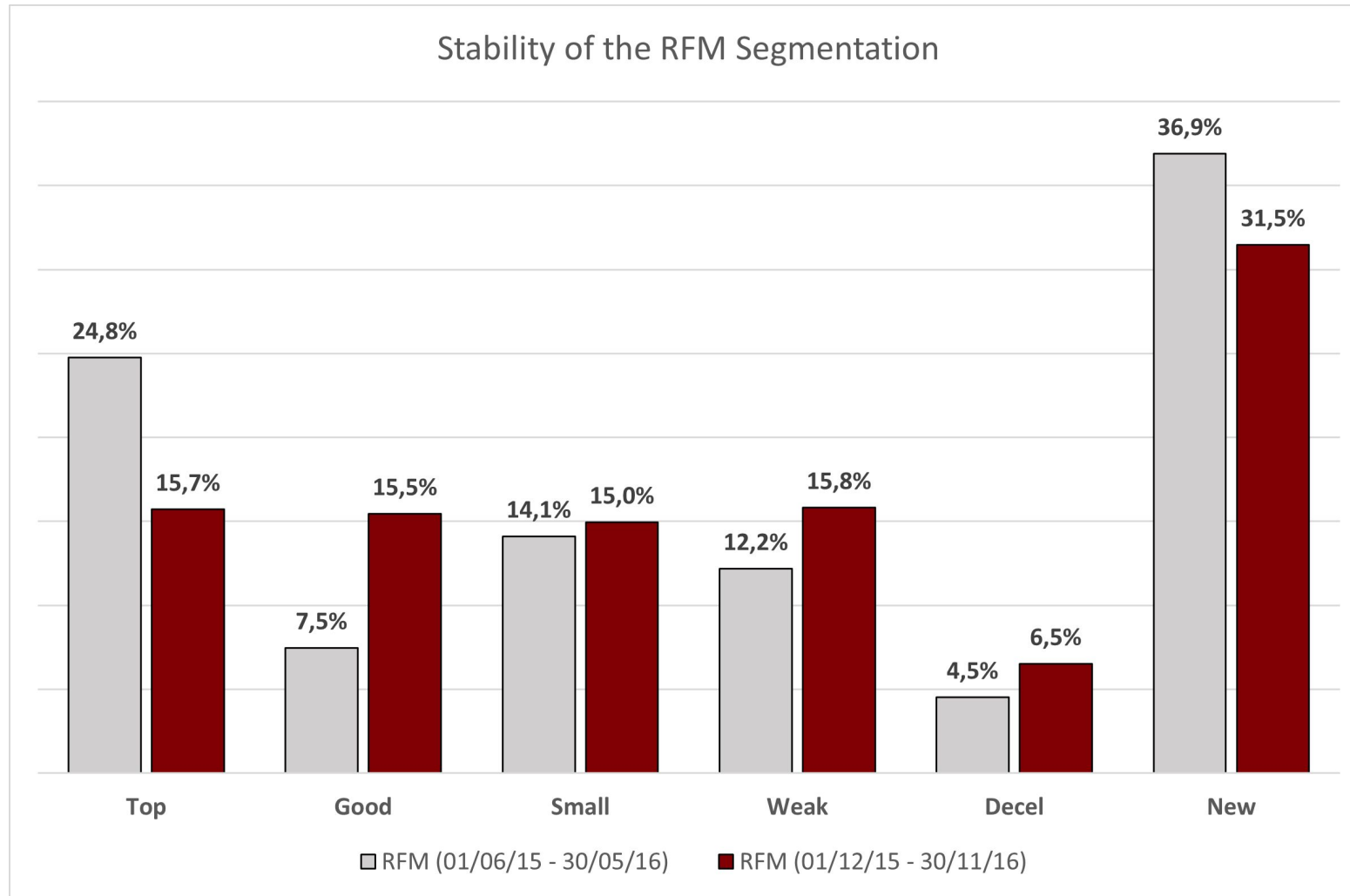


# Is the RFM stable over time?

## A look on the distribution of customers during both time periods



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- Except for the Small segment, a rather high change in repartition of customers.
- A lot more Top and New customers over the shifted period (recruits more in winter ?)
- But less Good, Weak, and Deceleration customers

# Is the RFM stable over time?

## A closer look on the RFM segmentation for both periods



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	Top	Good	Decel	Small	Weak	New	Inactives	All
Top	880	949	498	133	377	0	37	2874
Good	174	157	98	72	230	0	137	868
Decel	56	28	0	131	0	0	311	526
Small	185	187	0	215	850	0	202	1639
Weak	57	38	0	258	0	0	1062	1415
New	245	246	103	200	237	2193	1060	4284
Inactives	86	50	0	592	0	1176	22647	24551
All	1683	1655	699	1601	1694	3369	25456	36157



Time period between  
01/06/2015 till 30/05/2016



Time period between  
01/12/2015 till 30/11/2016


# Is the RFM stable over time?


## A closer look on the RFM segmentation for both periods



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	Top	Good	Decel	Small	Weak	New	Inactives
Top	31%	33%	17%	5%	13%	0%	1%
Good	20%	18%	11%	8%	27%	0%	16%
Decel	11%	5%	0%	25%	0%	0%	59%
Small	11%	11%	0%	13%	52%	0%	12%
Weak	4%	3%	0%	18%	0%	0%	75%*
New	6%	6%	2%	5%	6%	51%	25%
Inactives	0%	0%	0%	2%	0%	5%	93%

 Time period  
between  
01/06/2015 till  
30/05/2016

 Time period  
between  
01/12/2015 till  
30/11/2016

\* 75% of the weak customers in the first time period became inactive customers in the second one.

Losing major part of weak customers between 2 time periods.. **How to keep them ?**

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# RFM Segmentation: **Sensitivity**



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**Program sensitivity is essentially trying to check the robustness of any program of interest.**

**Is the loyalty program effective in encouraging customers to visit the store ?**

**Do customers from different segments behave differently upon receiving gifts ?**

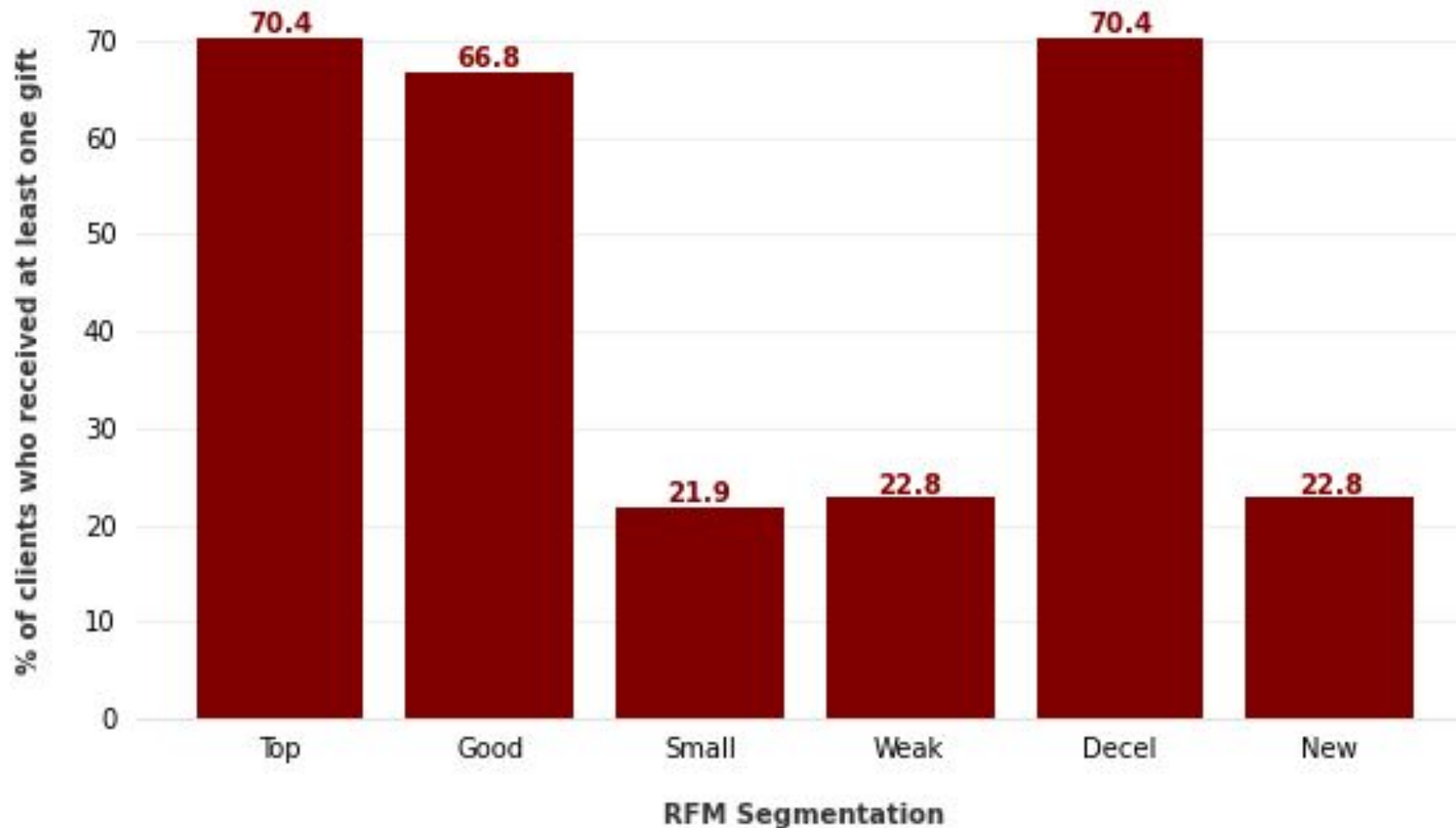
**Is the program efficient, do the customers spend more ?**

# RFM Segmentation



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Reach of the fidelity program on the different customer segments



- Only 23% of **Weak** customers have received at least one gift.
- Maybe **Deceleration** customers were given gifts as an incentive to retain them.

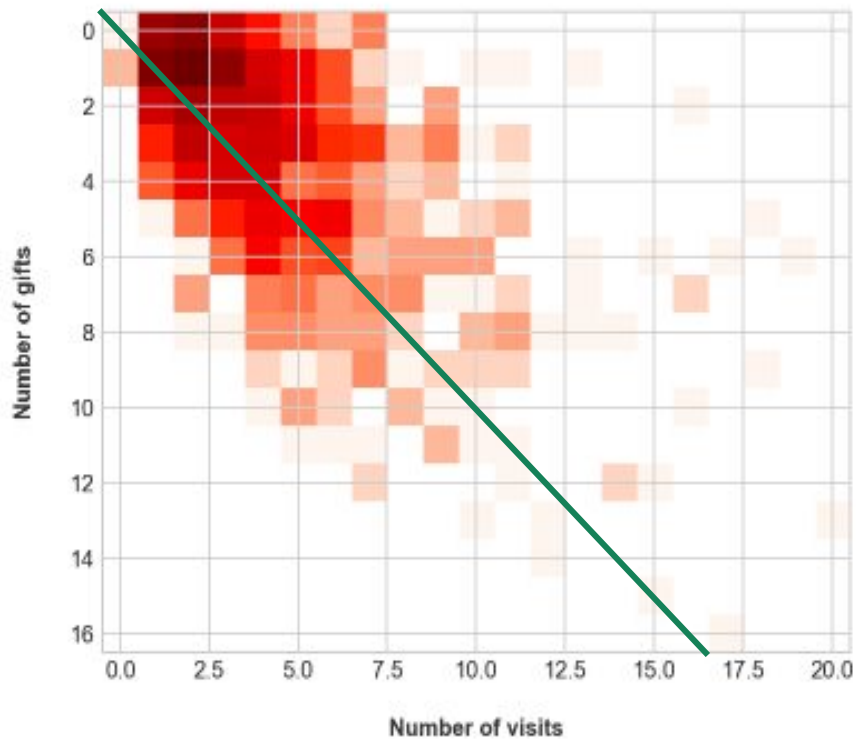


# RFM Segmentation

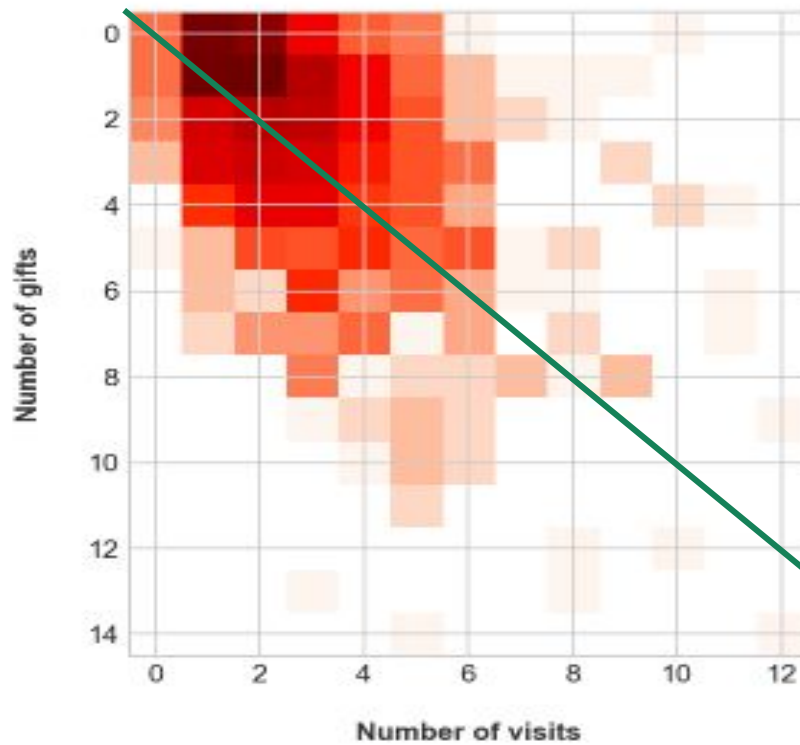


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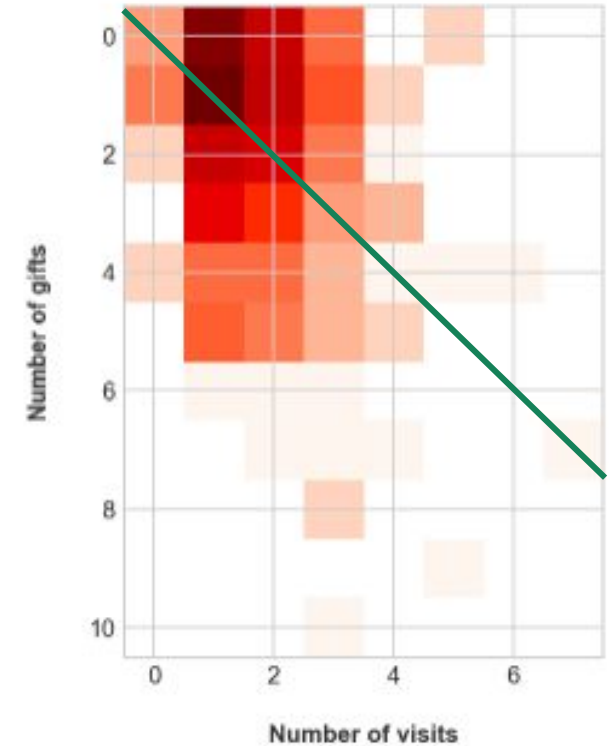
Top Customers



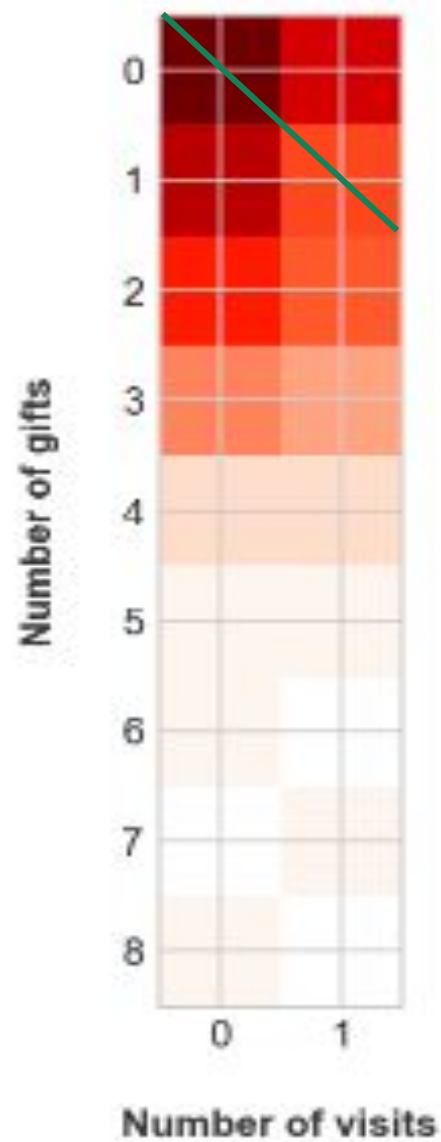
Good Customers



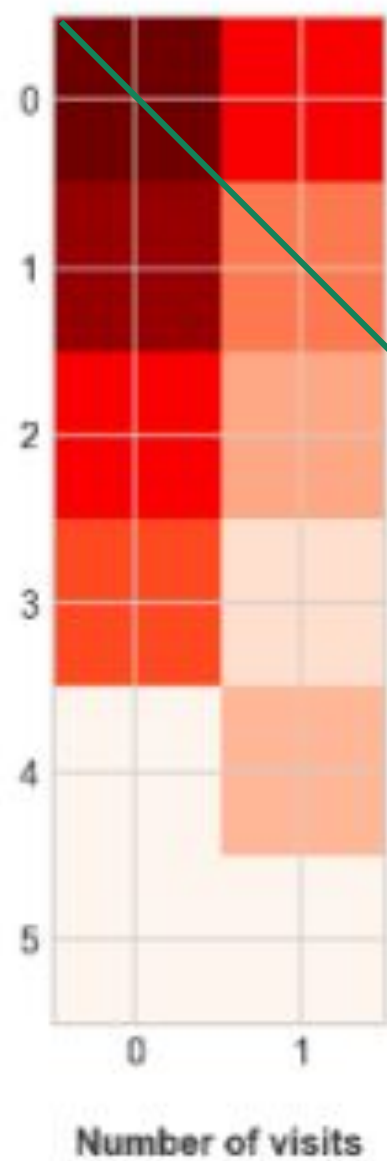
Decel Customers



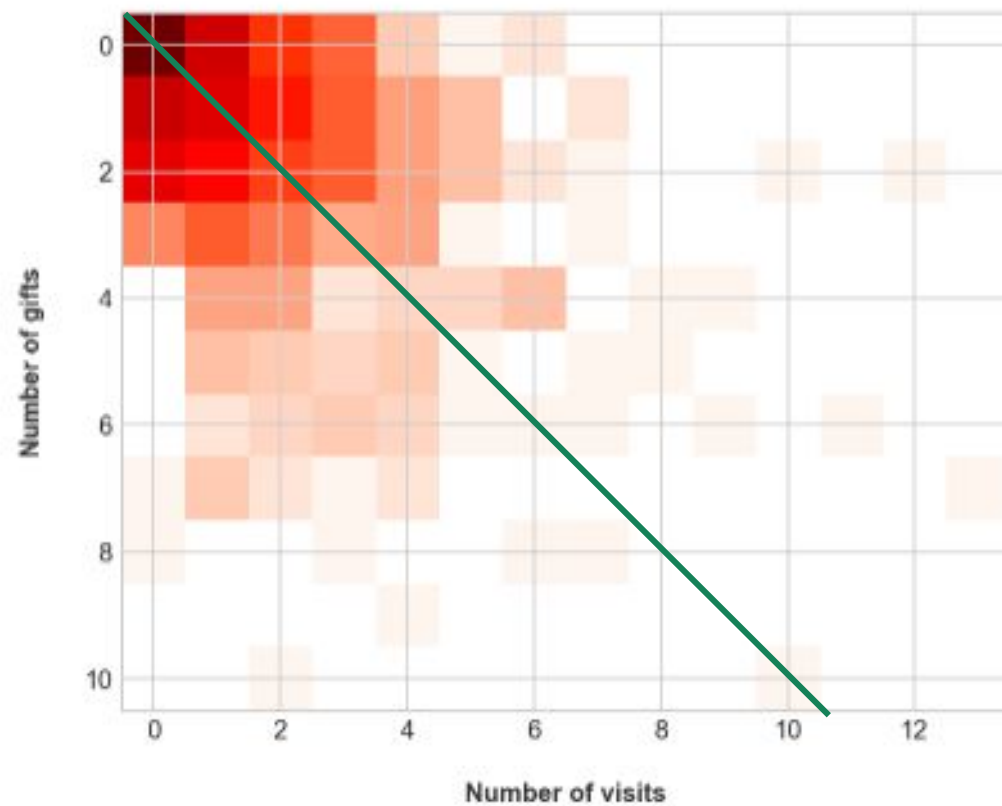
Small Customers



Weak Customers



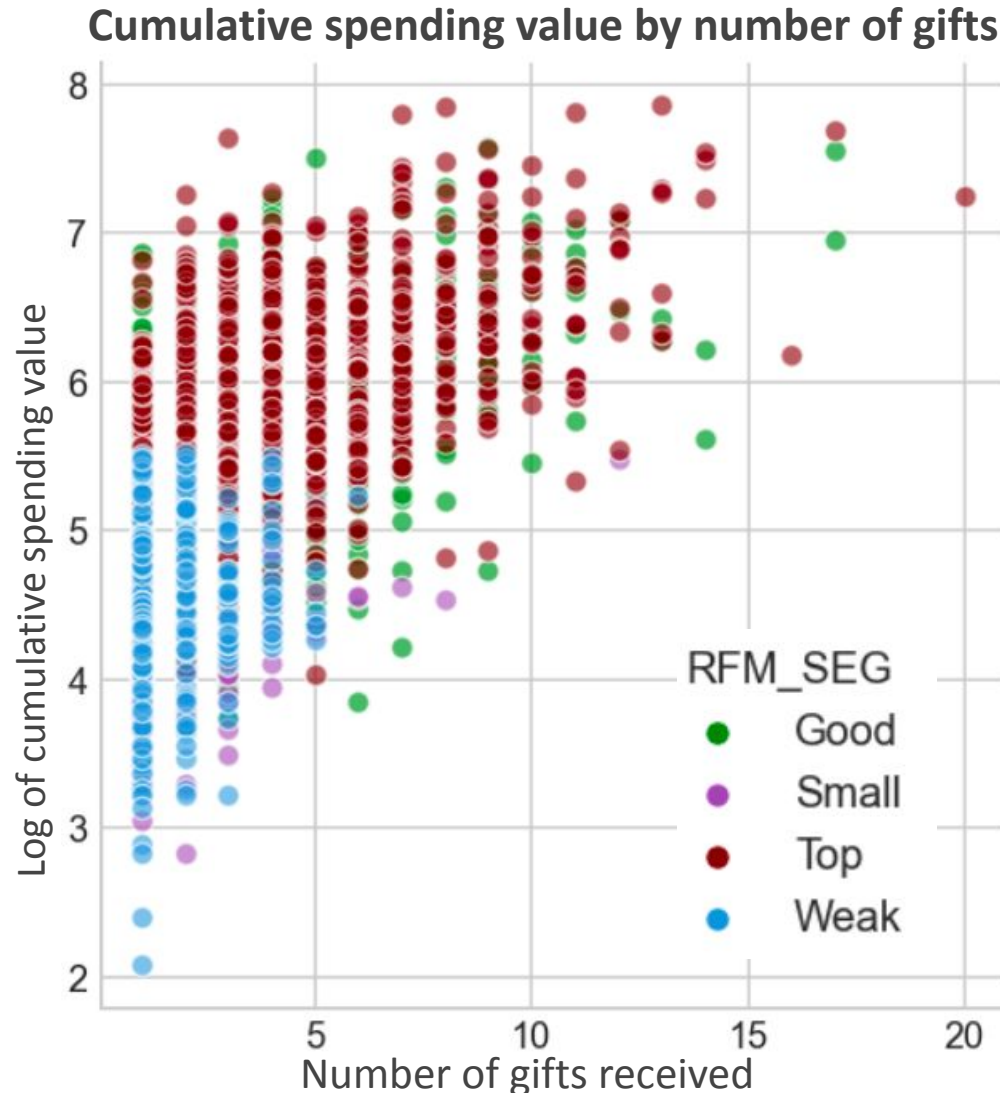
New Customers



# Program Sensitivity: Cumulative Spending Value



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**The more gifts a customer received, the more they spent at Feminiz**

**However :** differences between segments

**For the same number of gifts received:**

On average, top and good customers spend **more** than small and weak customers.

→ **Better program sensibility** for **good/top** segments than **weak/small**

→ **Decel :** loss of effectiveness of the pgm

→ **New :** too soon to know yet

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# Eclecticism: Lines of products



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## Corseterie



- Bras
- Corsets & others
- Thongs & panties

77.3 % of total purchases

## Bain



- Mostly swimming suits
- beach-related products: pareos, skirts, bags...

11.5 % of total purchases

## Homewear



- Pyjamas, nightgowns...
- Babydolls (nuisettes)
- Bathrobes
- Sweatshirts

11.2 % of total purchases



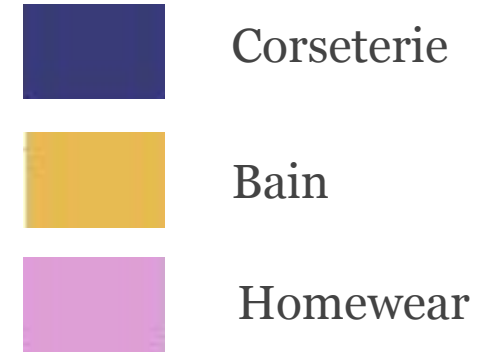
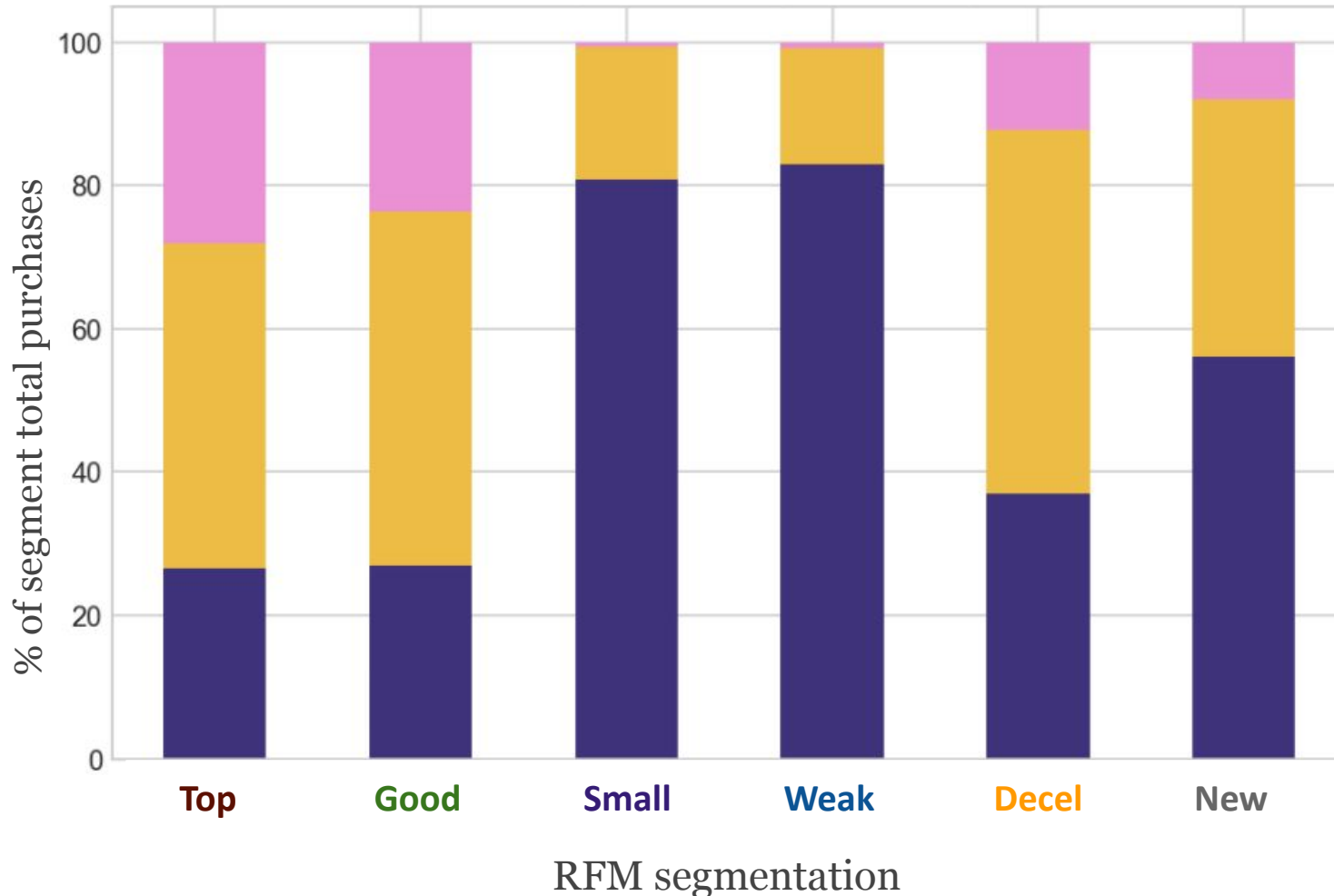
Do customers consume different lines according to their RFM segment ?

# Eclecticism: Lines of products



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Line consumption according to RFM segmentation



## Top, Good & Decel :

- Quite similar
- Corseterie: only 25 %
- Bain: around 30% !

## Small, Weak & New

- Mostly Corseterie: around 80%
- > They come with a purpose: “buy a bra”

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# RFM and Diversity



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**Across the RFM segmentation, do clients consume differently ?**

## What is a family of product ?

A subgroup of a line of products

### Corseterie

10 families : bras, panties  
Push-ups, basket bras...

### Homewear

4 families:  
accessories and clothes  
Sets, pants...

### Bain

4 families: swimsuits &  
beachwear  
Push-ups, beachwear...

## Why should we care about diversity ?

→ Indicator of the “**loyalty**” the customer

- **low diversity:** come to a lingerie store **to buy underwears**
- **high diversity** customers are “**fans**” of the brand:  
also buy beachwear, socks...



# Diversity: Results



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## Top to Weak segments

- the more of a “**good**” **client** you are according to the segmentation, the more **diverse** is your consumption
- A **significant shift** between Good and Small customers

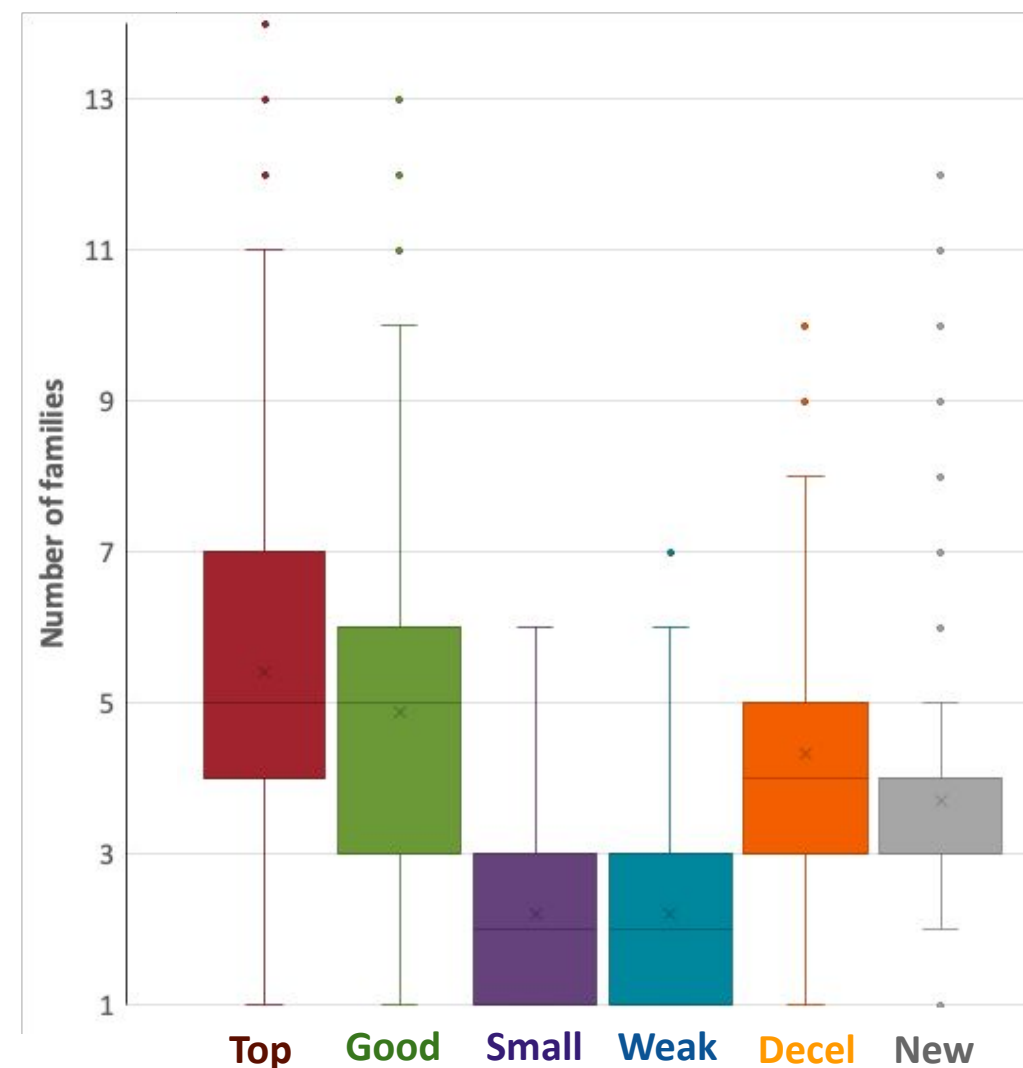
## Decel

Previous **good** customers who are **shifting**:  
Diversity is lowering

## New

Average at 4  
-> purchases are not diverse (**yet?**)

Number of families bought by customer segment



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# Choice of a segment: **Client Profile**



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Now, we decide on focusing on **weak customers (15% of the sample)**.

## **Why ?**

Weak customers: a significant **potential gain in sales** if we can make them **shift from “weak” to “good”/”Top”** customers.



Define effective **marketing operational levers**

Closer look at the segment:

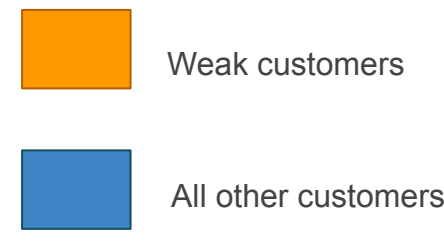
1. Who are weak customers ?
2. How can we reach them ?

# Segment of focus: Weak Customers



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Who are your **weak customers** ?

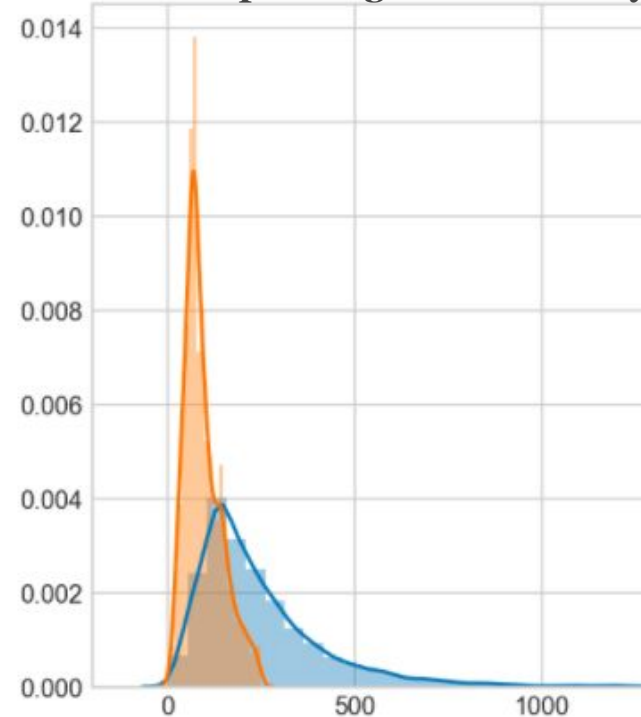


Cumulative spending of less than **250 euros**

At most **two visits** over the last period

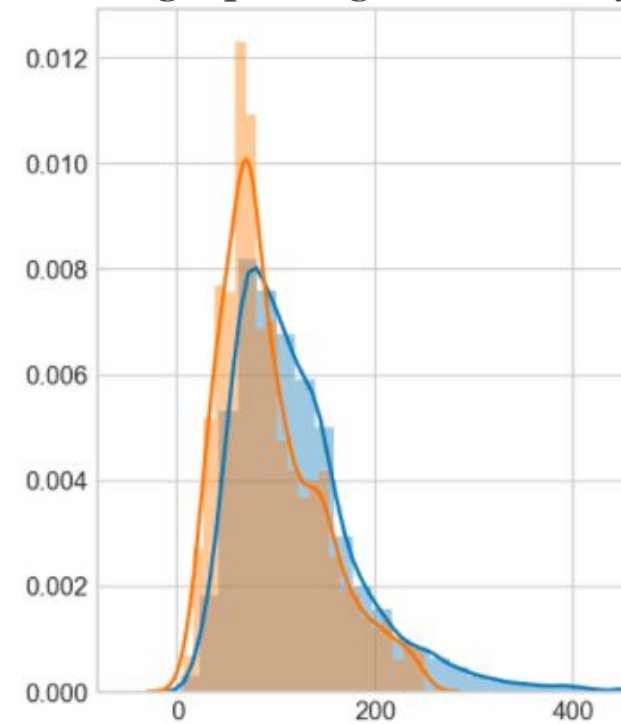
Last purchase being more than **7 months ago**

Cumulative spending value - density



Cumulative spending value

Average spending value - density



Average spending value

# Segment of focus: Weak Customers



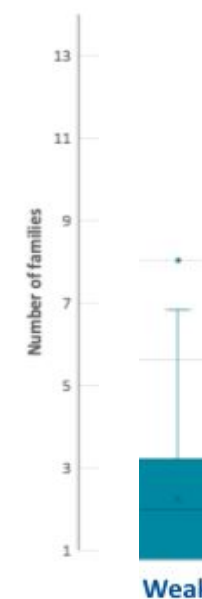
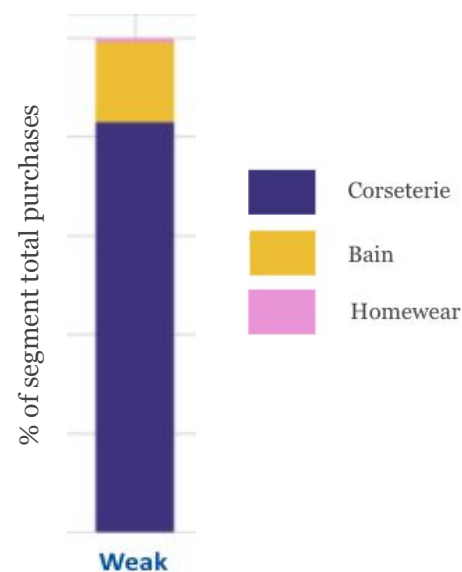
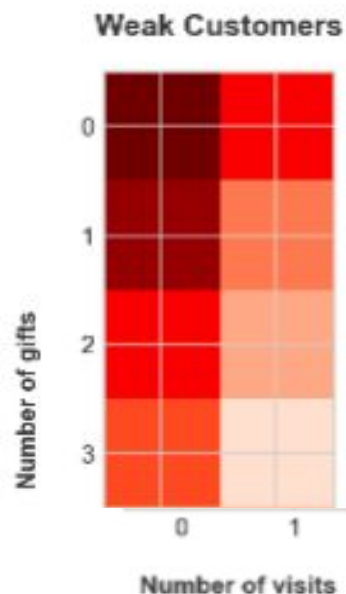
FEMINIZ

Who are your **weak customers** ?

**Not responsive** to the fidelity program

Mostly buys **Corseterie**

**Low diversity** of purchases



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# Levers to managing sales



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**Not reached** by the  
fidelity program

Mostly buys **Corseterie**  
**Swimsuits** in top 5

**Low diversity** of  
purchases

- *Were the gifts appropriate ?* **Personalized gifts**
- *How to improve eclecticism ?* **Suggest home-wear products as complementary goods in front windows, by email**
- Communicate strongly on **swimsuits**
- *How to increase diversity ?* Present **substitutes** (similar products) and/or **complements** in an email following a purchase, on the website during the visit, when putting some product on basket
- Know them even better

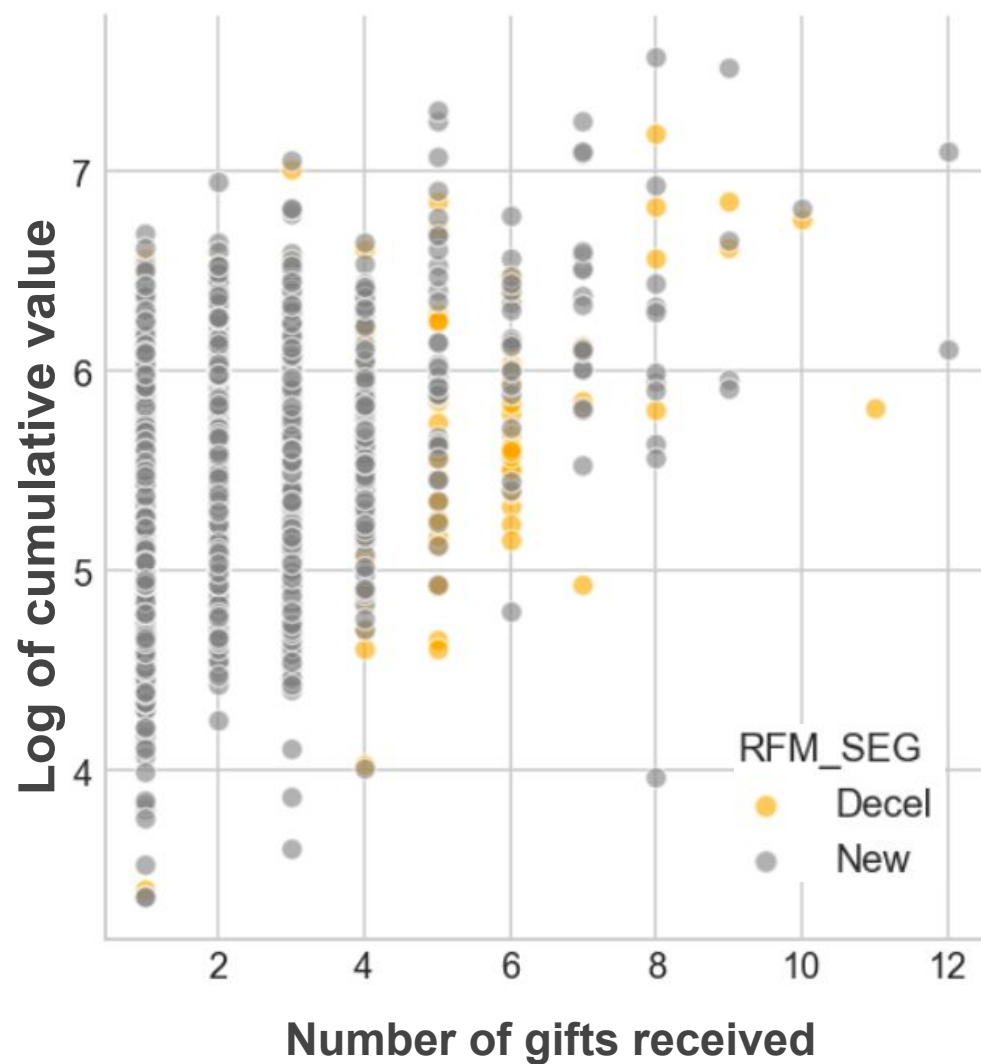
# Annex



# Annex 1: Cumulative Value



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# Annex 2: Top products of Weak



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<b>Family purchased by weak customers*</b>	<b>Represented part in the total receipts of weak customers (%)</b>
<i>String - Tanga</i>	<b>12,6%</b>
<i>Slip</i>	12,0%
<i>Short</i>	10,5%
<i>Swimsuit</i>	<b>7,0%</b>
<i>Push-up</i>	6,2%

\* over the original time period of interest (01/12/2015 to 30/11/2016)