



# MRA PROJECT

## MILESTONE 1

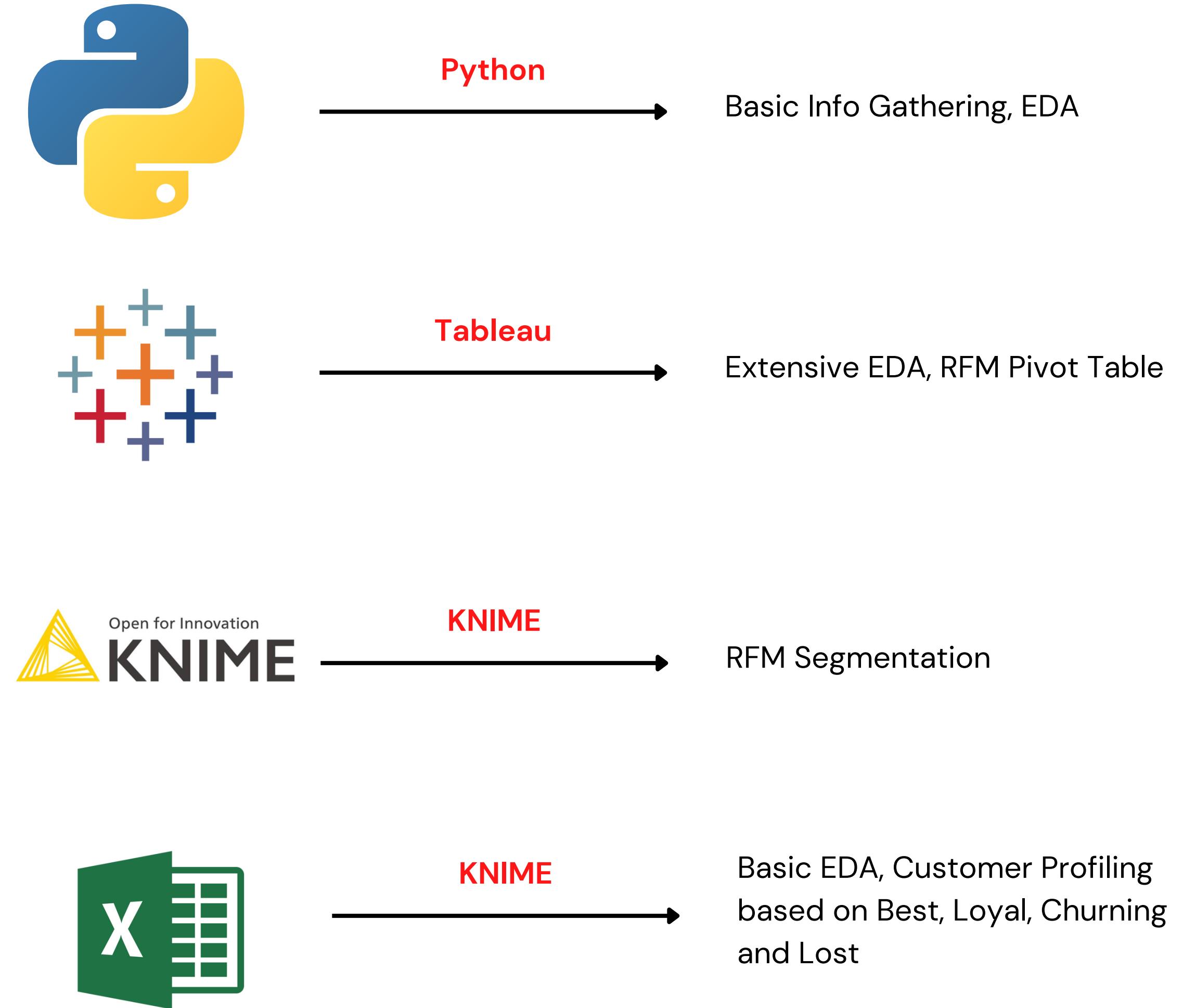


PGP DSBA Online – March' 22  
Date : 25.12.22

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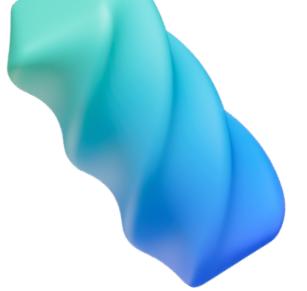
# Tools Used

The following are the tools used for this analysis



# Agenda

- Problem Statement
- Getting to know the Data
- Exploratory Analysis & Inferences
- RFM Segmentation
- Actionable Insights



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# Problem Statement



Three years' worth of transactional data has been gathered by a manufacturer of automobile components. The company's previous data collection must be used to generate personalized marketing plans for various client categories.

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# Getting to know the Data

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RangeIndex: 2747 entries, 0 to 2746
Data columns (total 20 columns):
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 1   QUANTITYORDERED 2747 non-null    int64  
 2   PRICEEACH        2747 non-null    float64 
 3   ORDERLINENUMBER 2747 non-null    int64  
 4   SALES            2747 non-null    float64 
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 6   DAYS_SINCE_LASTORDER 2747 non-null  int64  
 7   STATUS            2747 non-null    object  
 8   PRODUCTLINE       2747 non-null    object  
 9   MSRP              2747 non-null    int64  
 10  PRODUCTCODE       2747 non-null    object  
 11  CUSTOMERNAME     2747 non-null    object  
 12  PHONE             2747 non-null    object  
 13  ADDRESSLINE1     2747 non-null    object  
 14  CITY              2747 non-null    object  
 15  POSTALCODE        2747 non-null    object  
 16  COUNTRY           2747 non-null    object  
 17  CONTACTLASTNAME  2747 non-null    object  
 18  CONTACTFIRSTNAME 2747 non-null    object  
 19  DEALSIZE          2747 non-null    object  
dtypes: datetime64[ns](1), float64(2), int64(5), object(12)
memory usage: 429.3+ KB
```

Total no of recorded transactions:

**2747**

Total no of features:

**20**

Total Unique Customers:

**89**

Data type of features:

Numeric	String	Date Time
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**7**

**12**

**1**

No of missing values

**0**

# Summary Statistics

## String & DateTime Features

	count	unique	top	freq
STATUS	2747	6	Shipped	2541
PRODUCTLINE	2747	7	Classic Cars	949
PRODUCTCODE	2747	109	S18_3232	51
CUSTOMERNAME	2747	89	Euro Shopping Channel	259
PHONE	2747	88	(91) 555 94 44	259
ADDRESSLINE1	2747	89	C/ Moralzarzal, 86	259
CITY	2747	71	Madrid	304
POSTALCODE	2747	73	28034	259
COUNTRY	2747	19	USA	928
CONTACTLASTNAME	2747	76	Freyre	259
CONTACTFIRSTNAME	2747	72	Diego	259
DEALSIZE	2747	3	Medium	1349
	count	unique	top	freq
ORDERDATE	2747	246	2018-11-14	38
				2018-01-06
				2020-05-31
	count	unique	first	last

- The **most popular product category** is classic cars, and Euro Shopping Channel has made the most purchases.
- **Madrid** recorded the most orders.
- **Most transactions** were in the **USA**, most of which were of a medium size.
- The **product** that sells the most is S18 3232.
- **Transactions** between January 6, 2018, and May 31, 2020, were documented.

# Summary Statistics

## Numerical Features

	count	mean	std	min	25%	50%	75%	max
ORDERNUMBER	2747.0	10259.761558	91.877521	10100.00	10181.000	10264.00	10334.500	10425.00
QUANTITYORDERED	2747.0	35.103021	9.762135	6.00	27.000	35.00	43.000	97.00
PRICEEACH	2747.0	101.098951	42.042548	26.88	68.745	95.55	127.100	252.87
ORDERLINENUMBER	2747.0	6.491081	4.230544	1.00	3.000	6.00	9.000	18.00
SALES	2747.0	3553.047583	1838.953901	482.13	2204.350	3184.80	4503.095	14082.80
DAY_S SINCE LAST ORDER	2747.0	1757.085912	819.280576	42.00	1077.000	1761.00	2436.500	3562.00
MSRP	2747.0	100.691664	40.114802	33.00	68.000	99.00	124.000	214.00

- The average **order size** is 35 units, with order quantities ranging from 6 to 97 units. 75% of the clients have placed orders for fewer than 43 units.
- Each **unit's price** ranges from \$27 to \$252, with the average unit cost being \$102.
- The range of **sales** is 483 to 14082, with a median of 3554.
- **MSRP** runs from 33 to 214, with a 100 average price.
- The mean and median of Quantity Ordered & MSRP look to be equal, suggesting that they may be normally distributed. The Sales and Price Each column is marginally above the mean, suggesting that they may be right skewed.

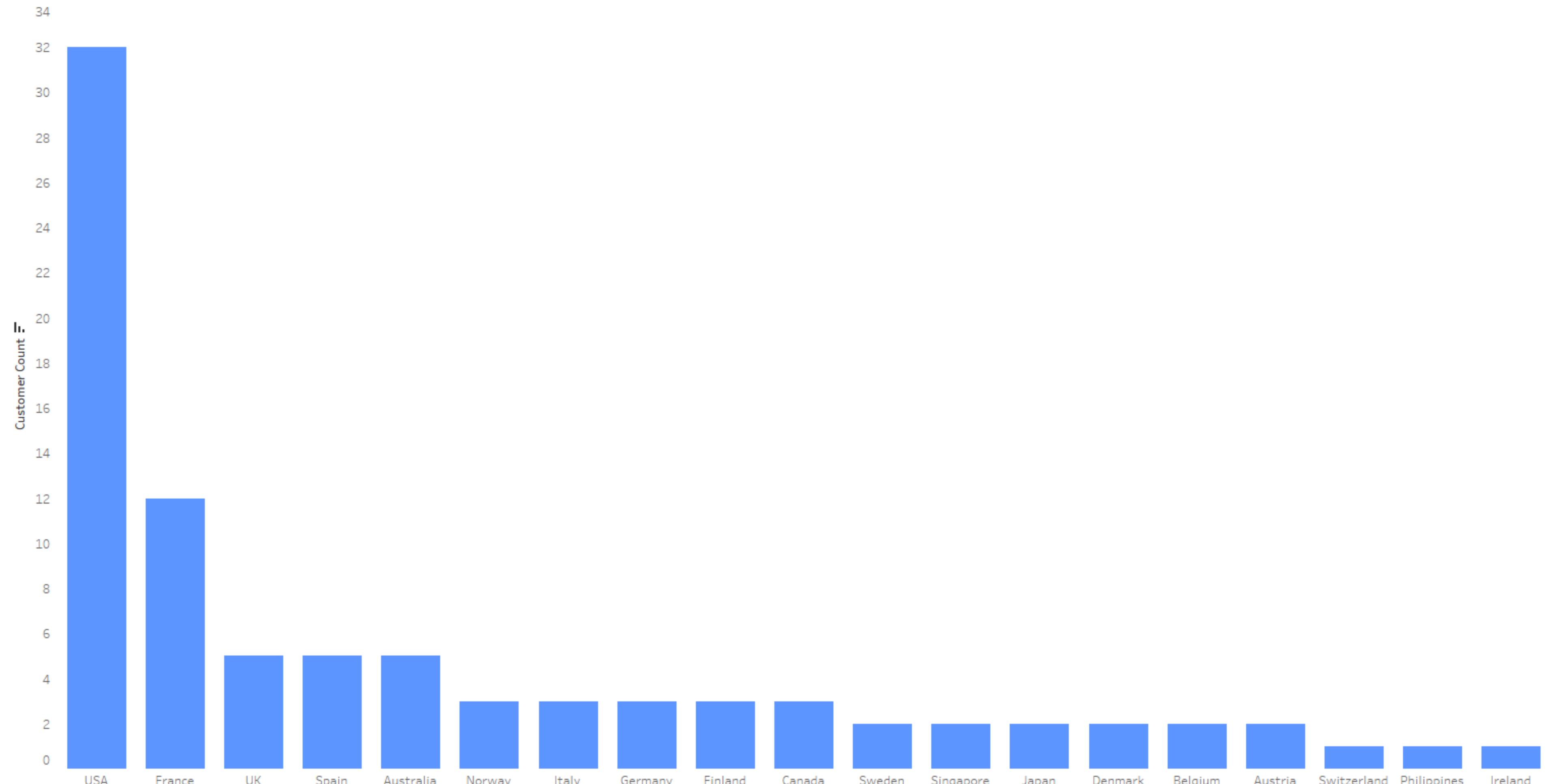
# Exploratory Analysis & Inferences

- Univariate Analysis
- Bivariate Analysis
- Multivariate Analysis
- Analysis Inferences

## Customer Geographic Distribution

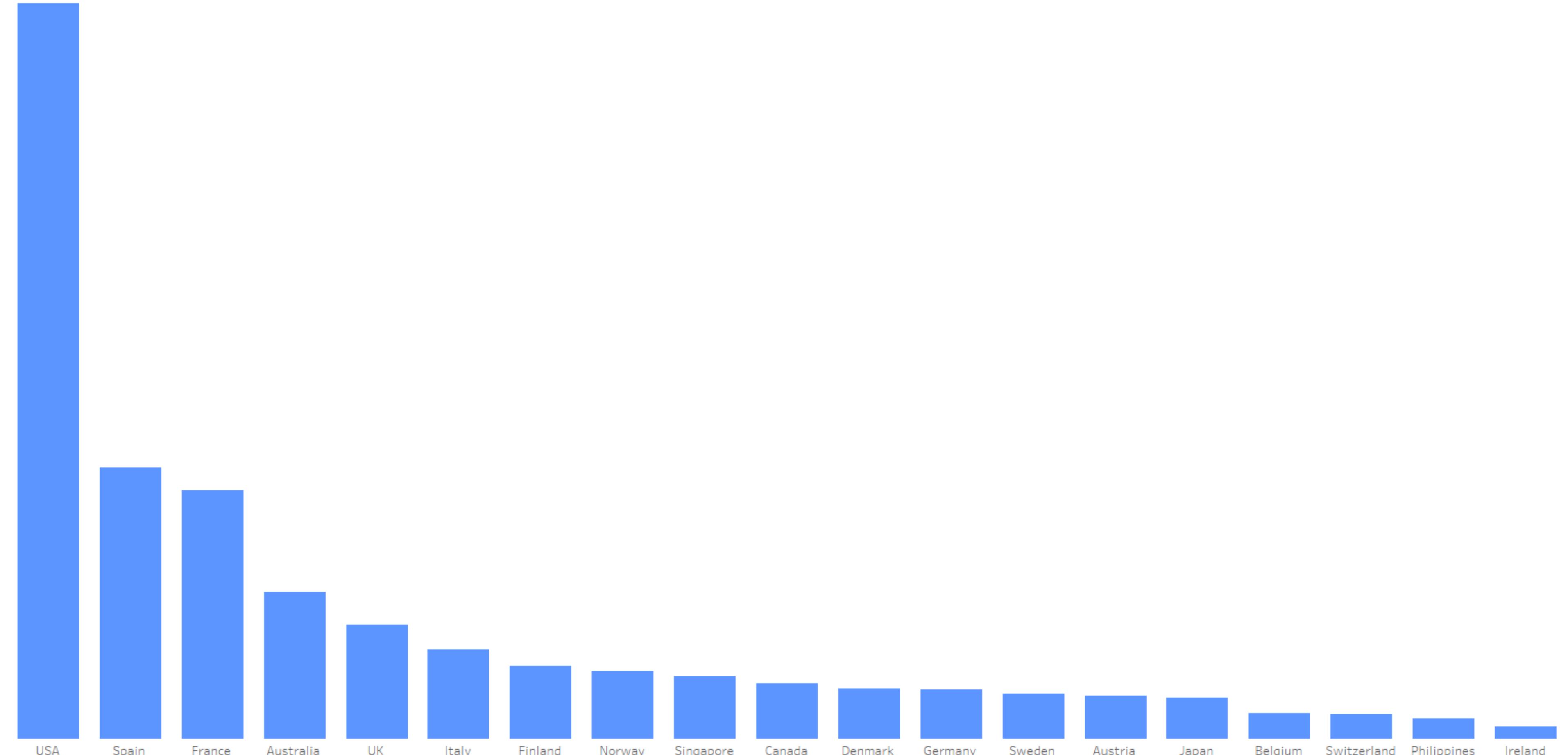


## Customer Distribution Across Country



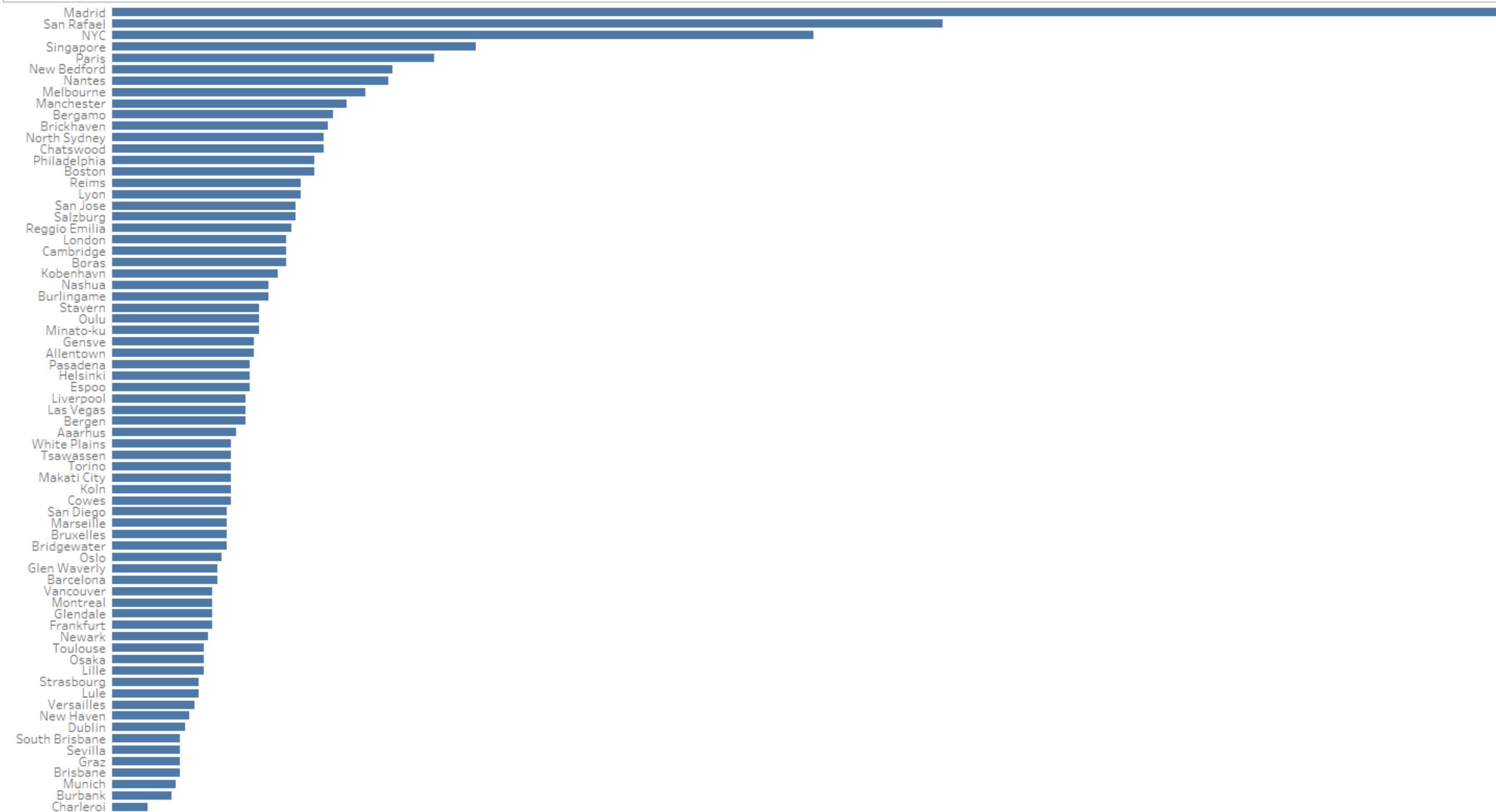
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## Orders Distribution Across Country

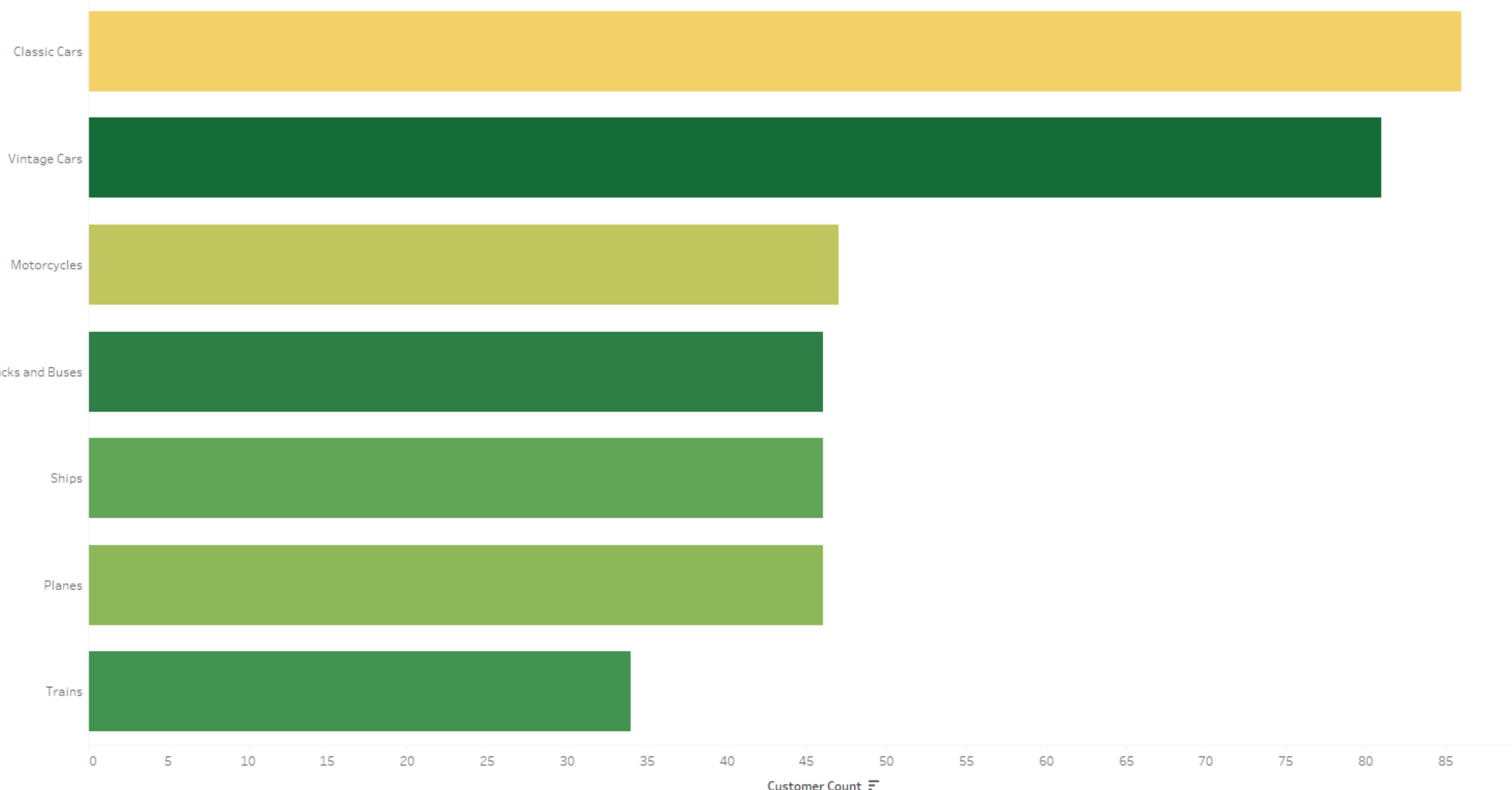


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## Orders Count Across City



## Customer Distribution Across Product Line



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## Orders Distribution Across Product Line

Classic Cars



Vintage Cars



Motorcycles



Planes



Trucks and Buses



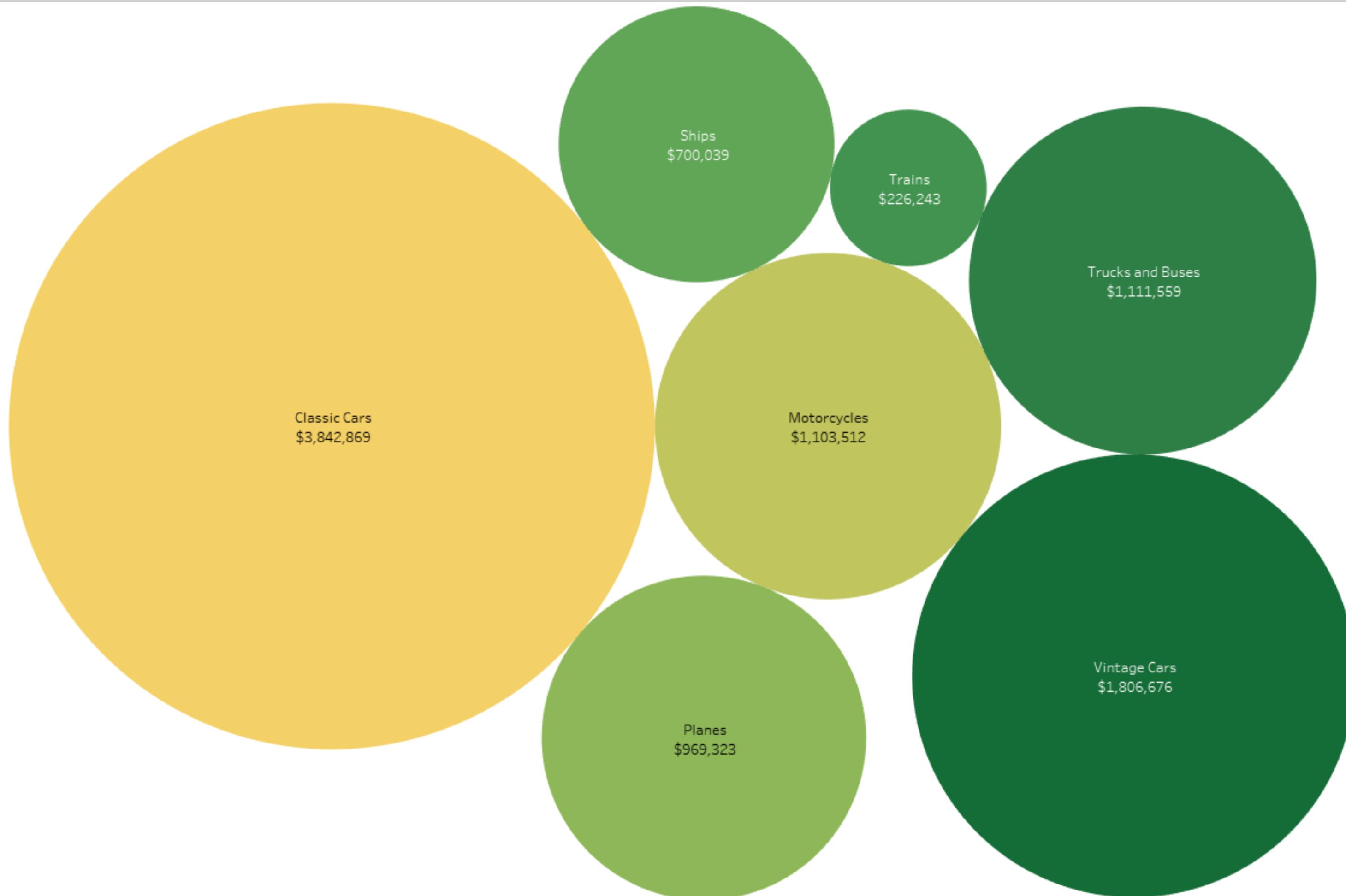
Ships



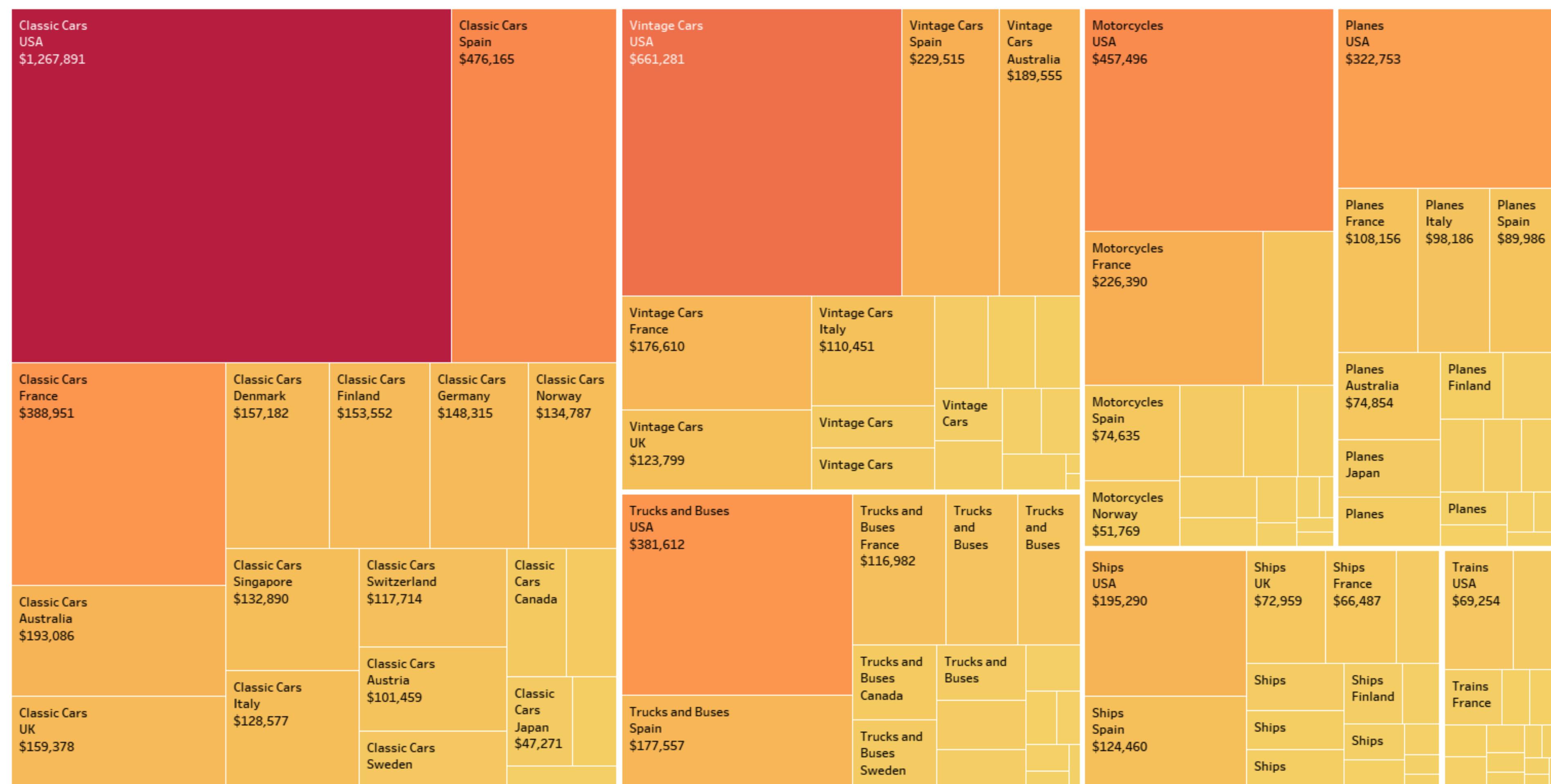
Trains



## Sales Distribution Across Product Line

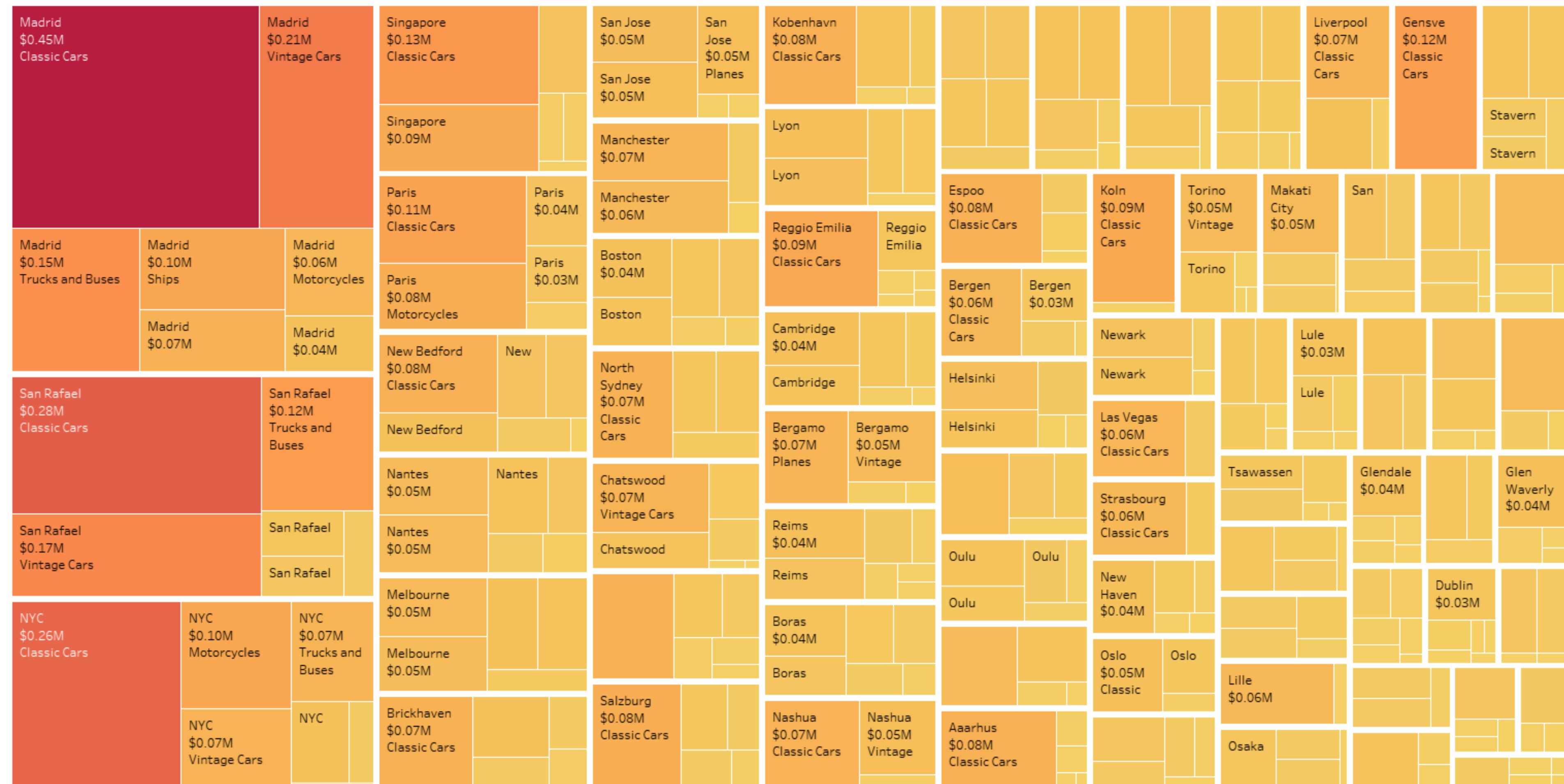


# Top Moving Product Lines (in Sales) Across Countries



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## Top Moving Product Lines (in Sales) Across Cities

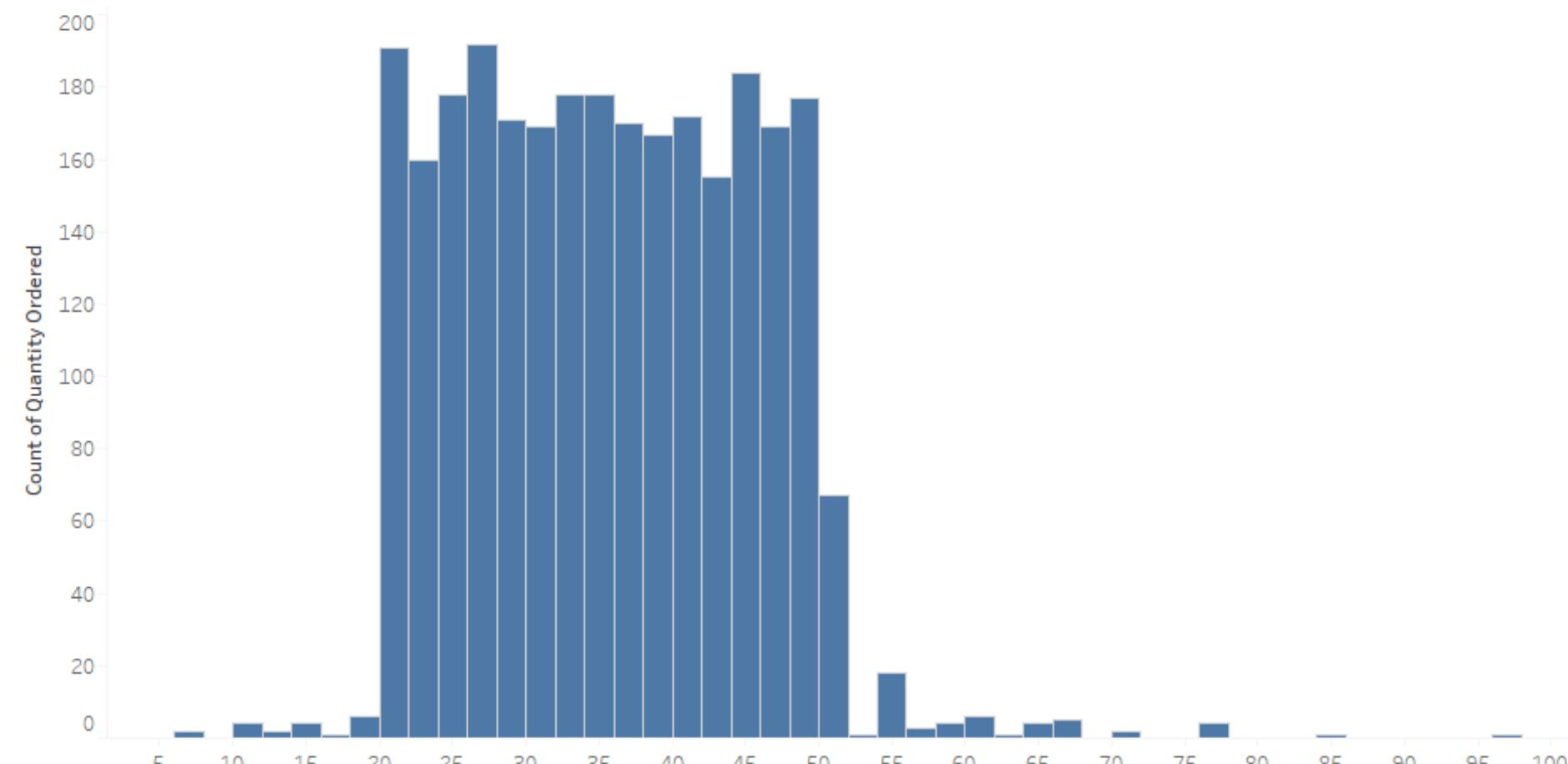


## Orders Distribution Across Deal Size

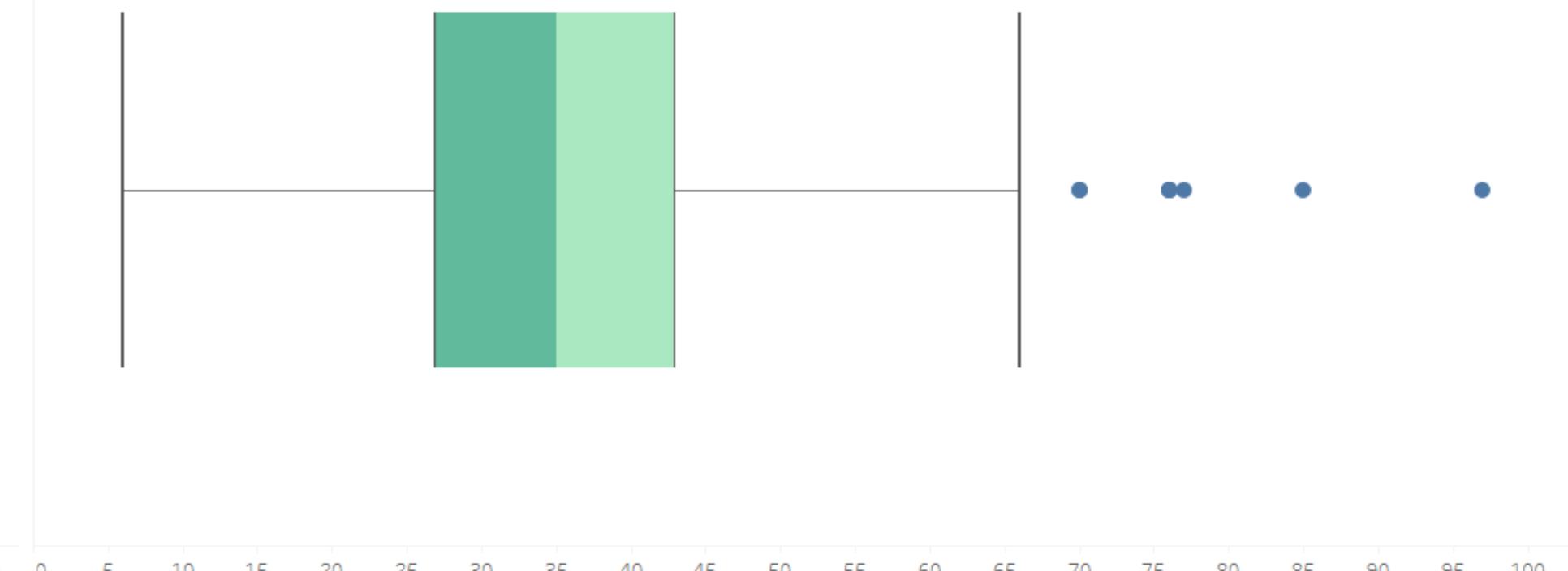


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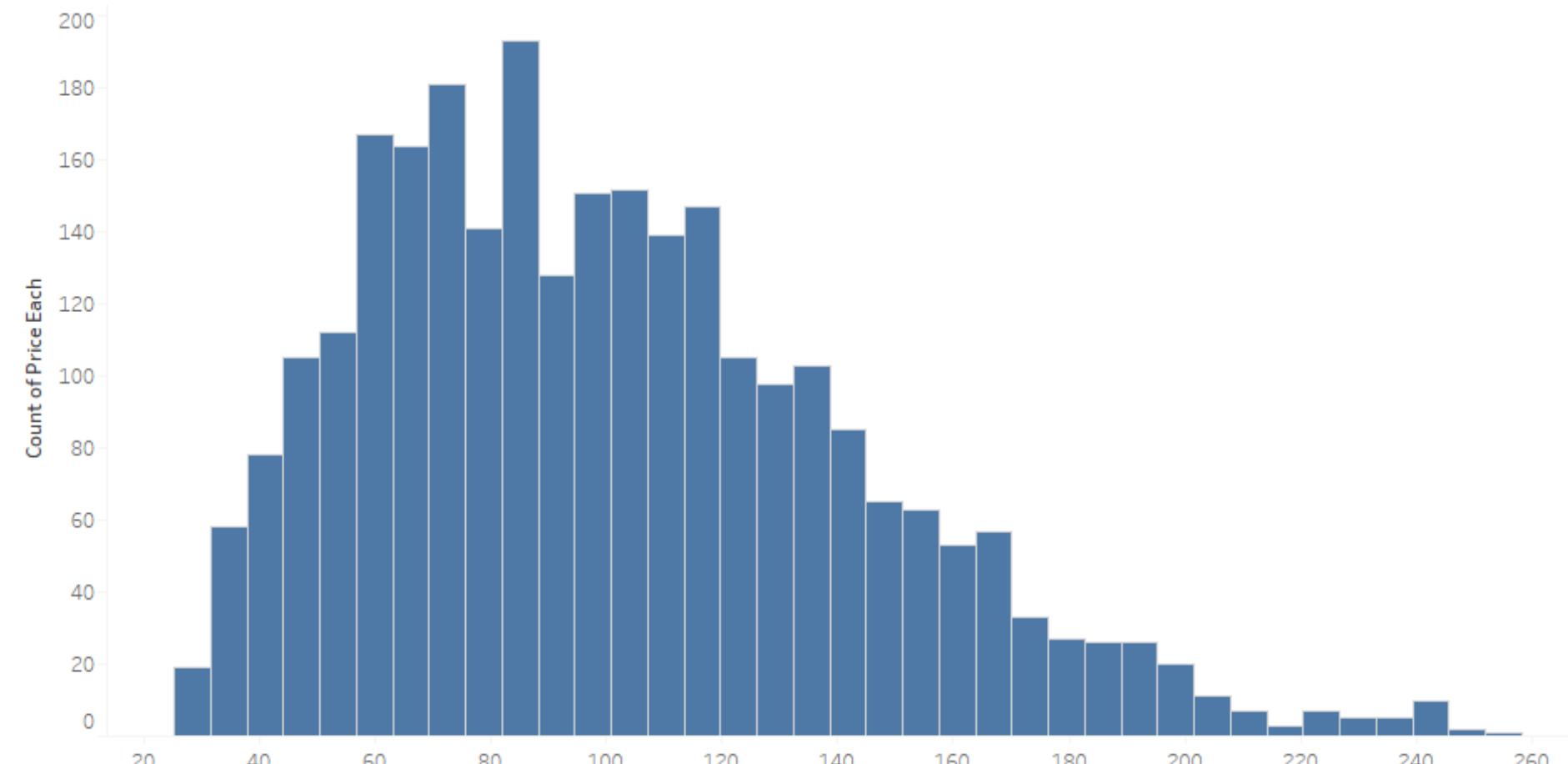
Quantity Ordered - Histogram



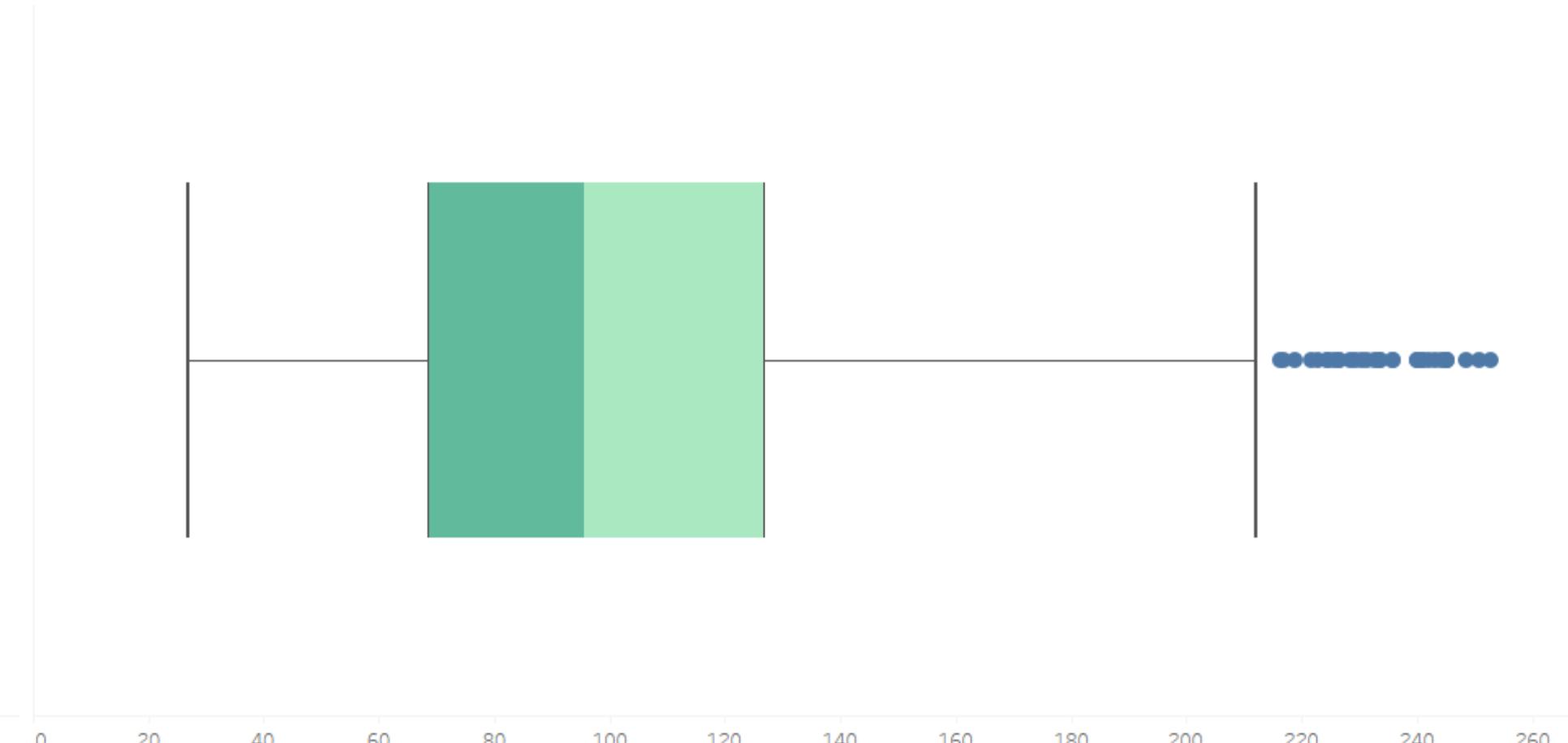
Box Plot - Quantity Ordered



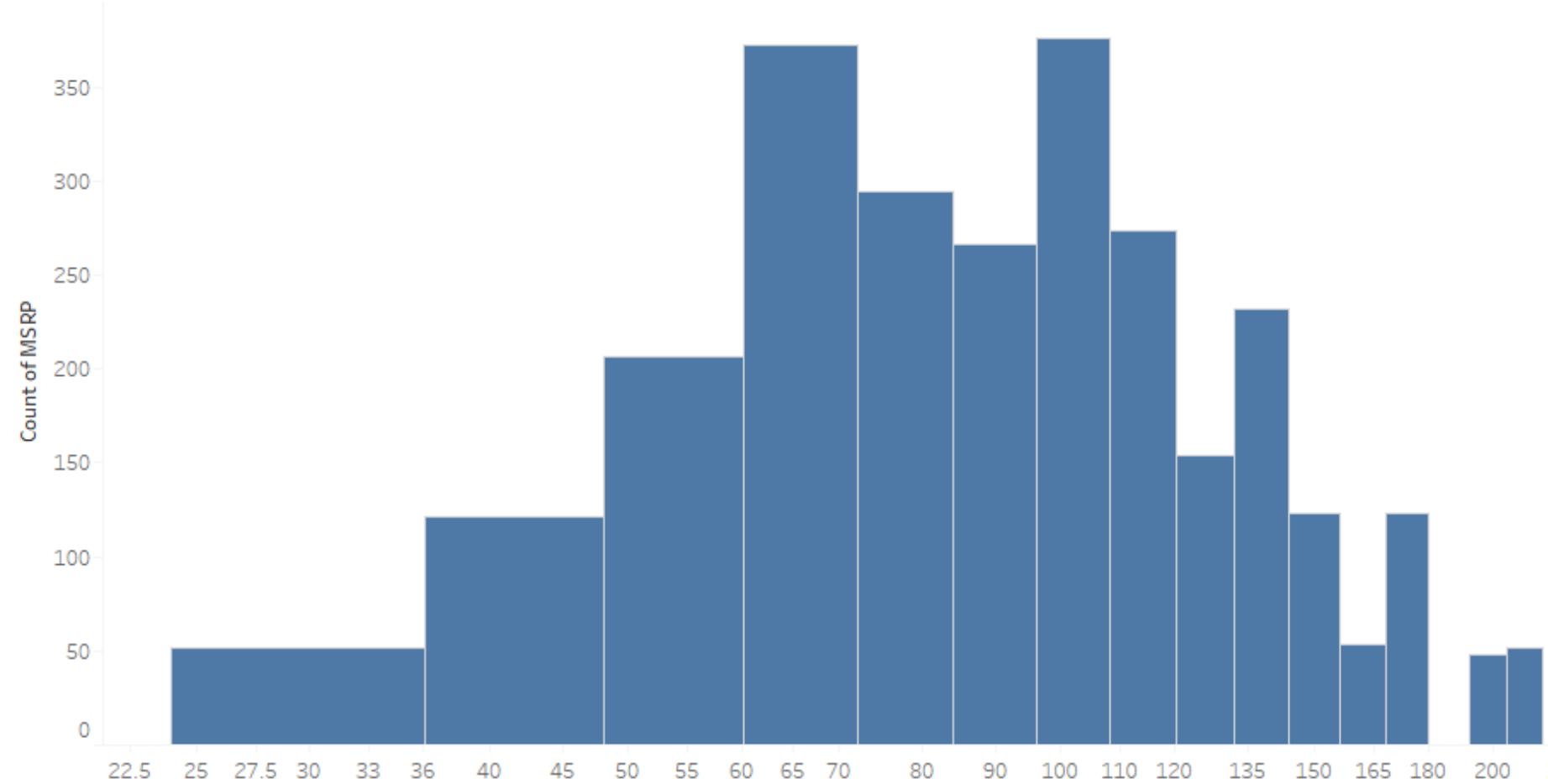
Unit Price - Histogram



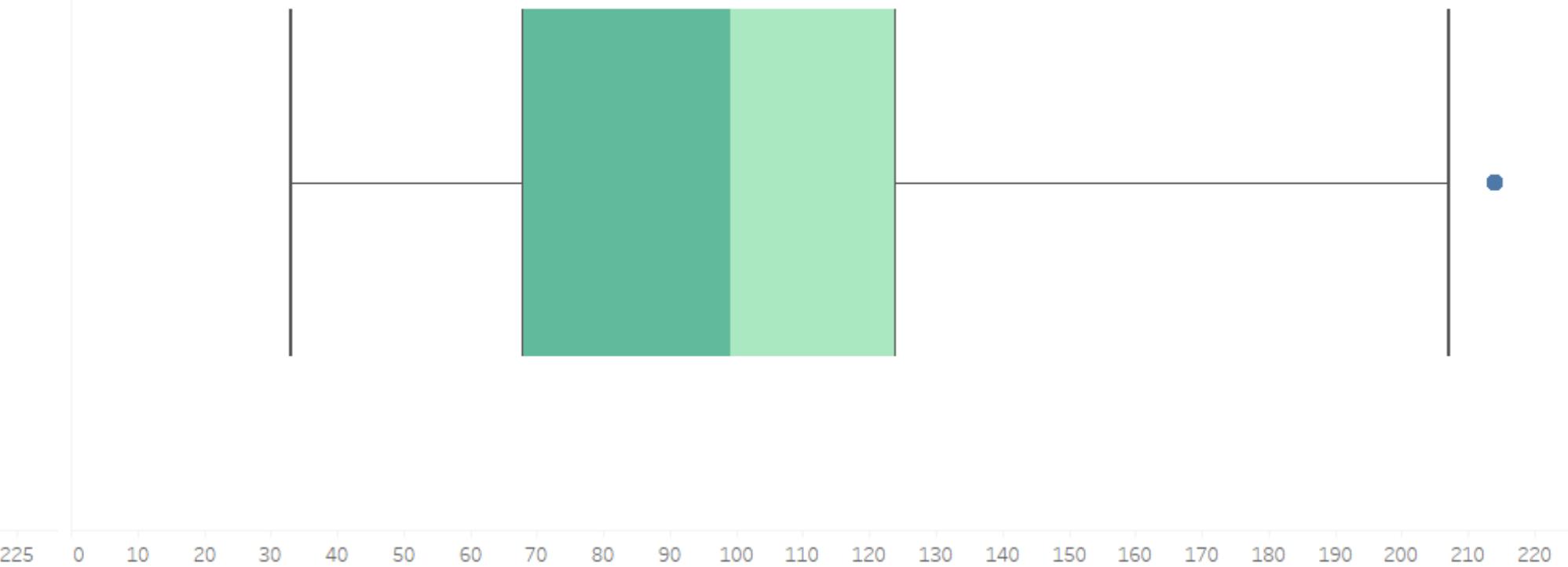
Box Plot - Unit Price



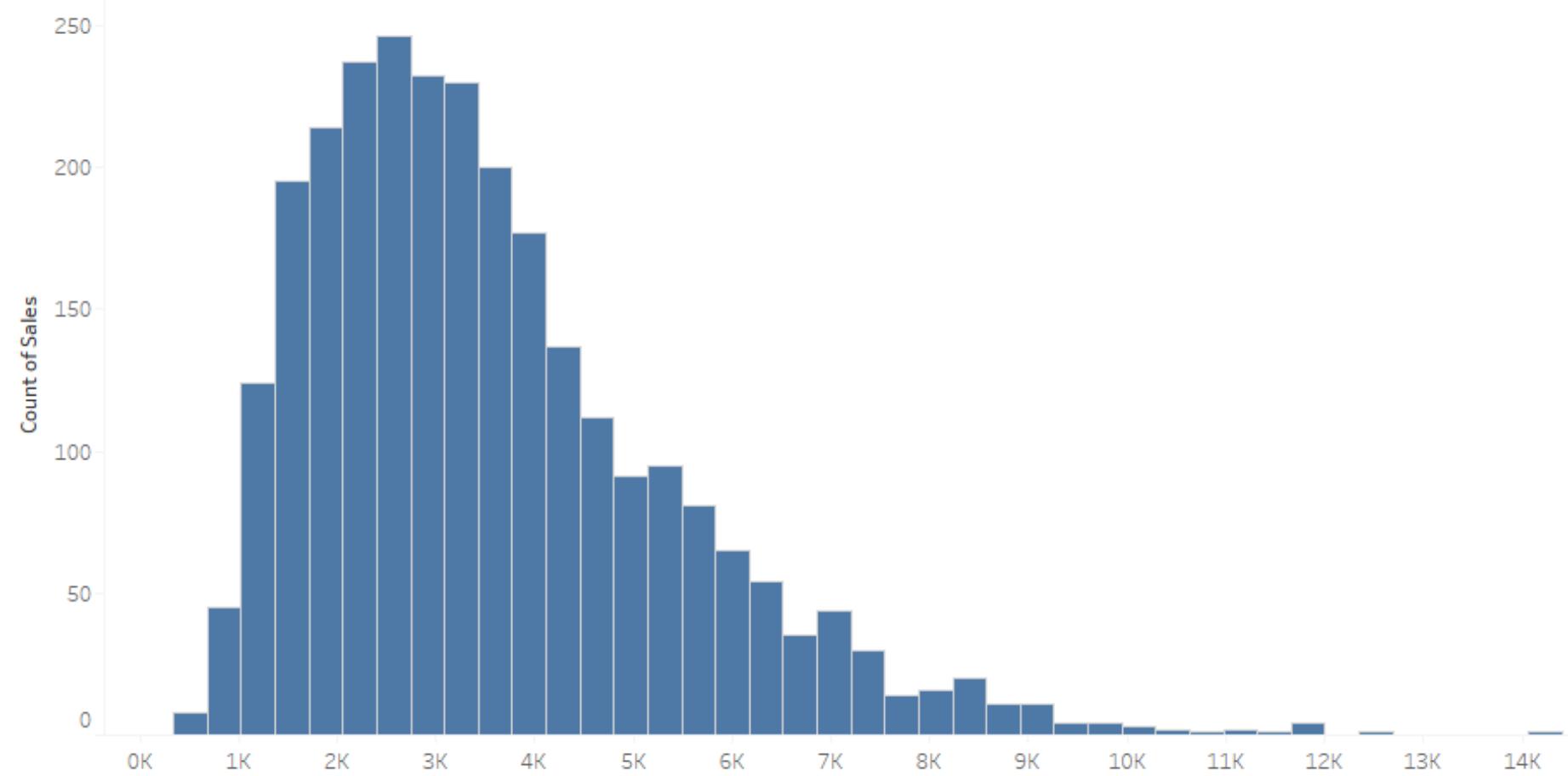
MSRP - Histogram



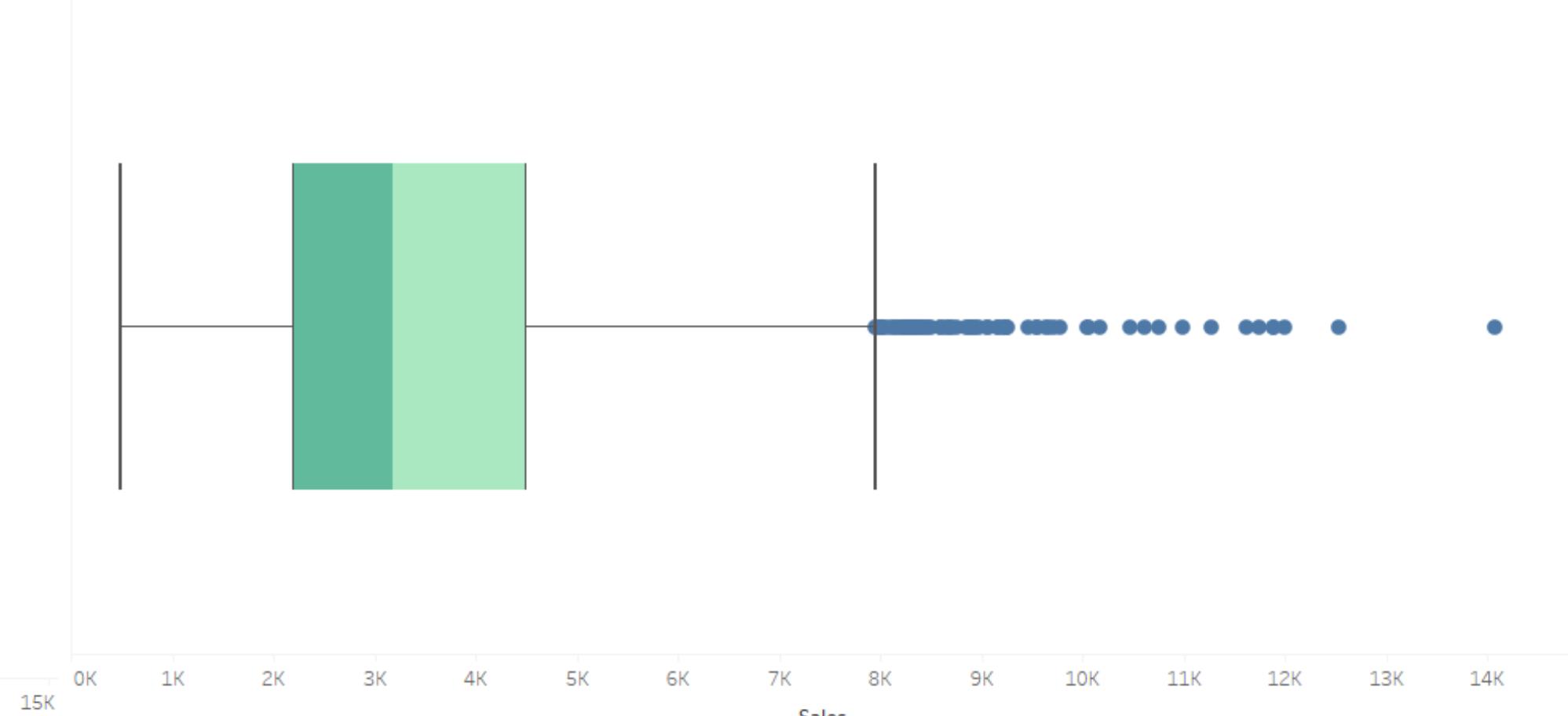
Box Plot - MSRP



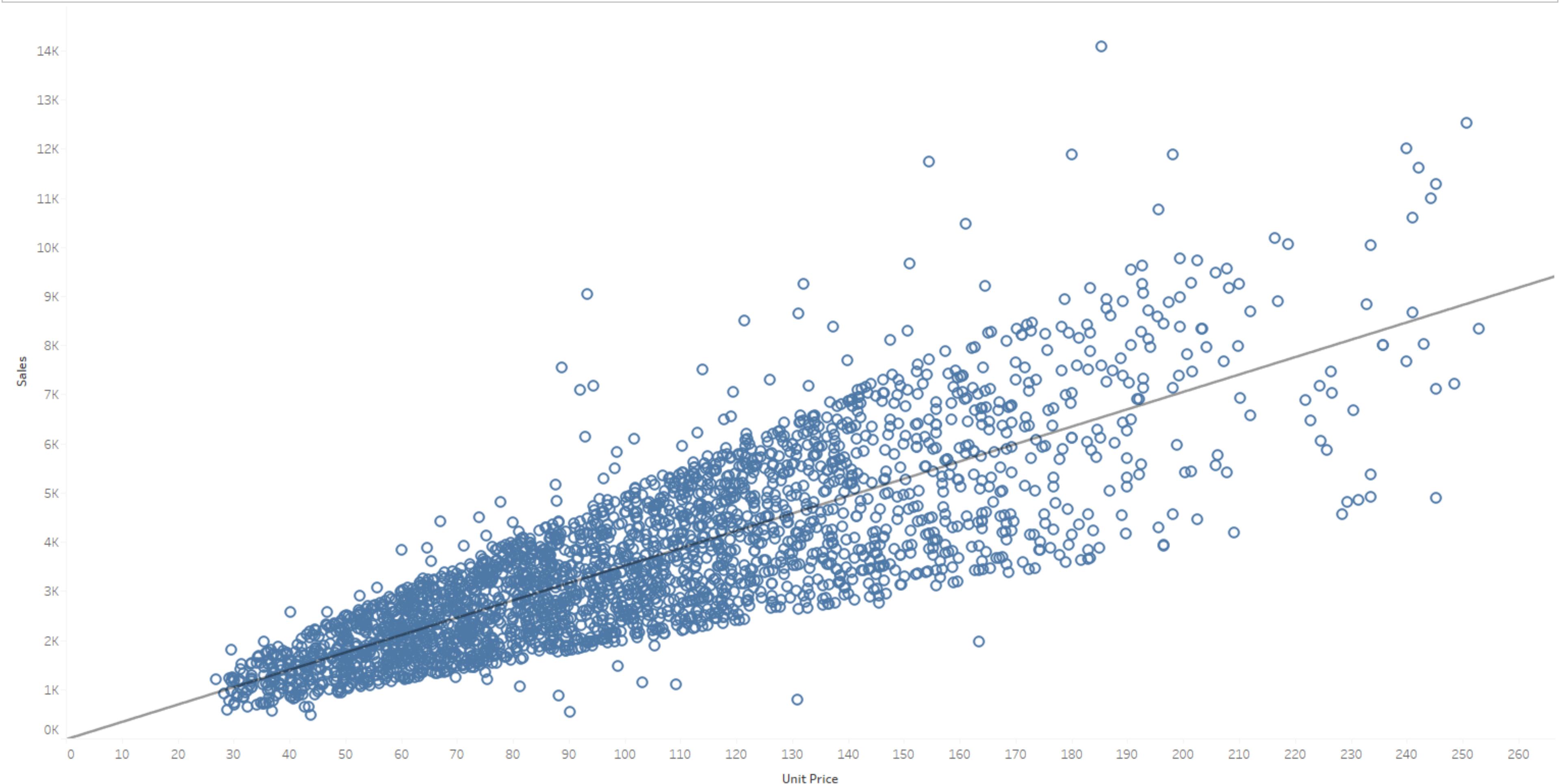
Sales Histogram



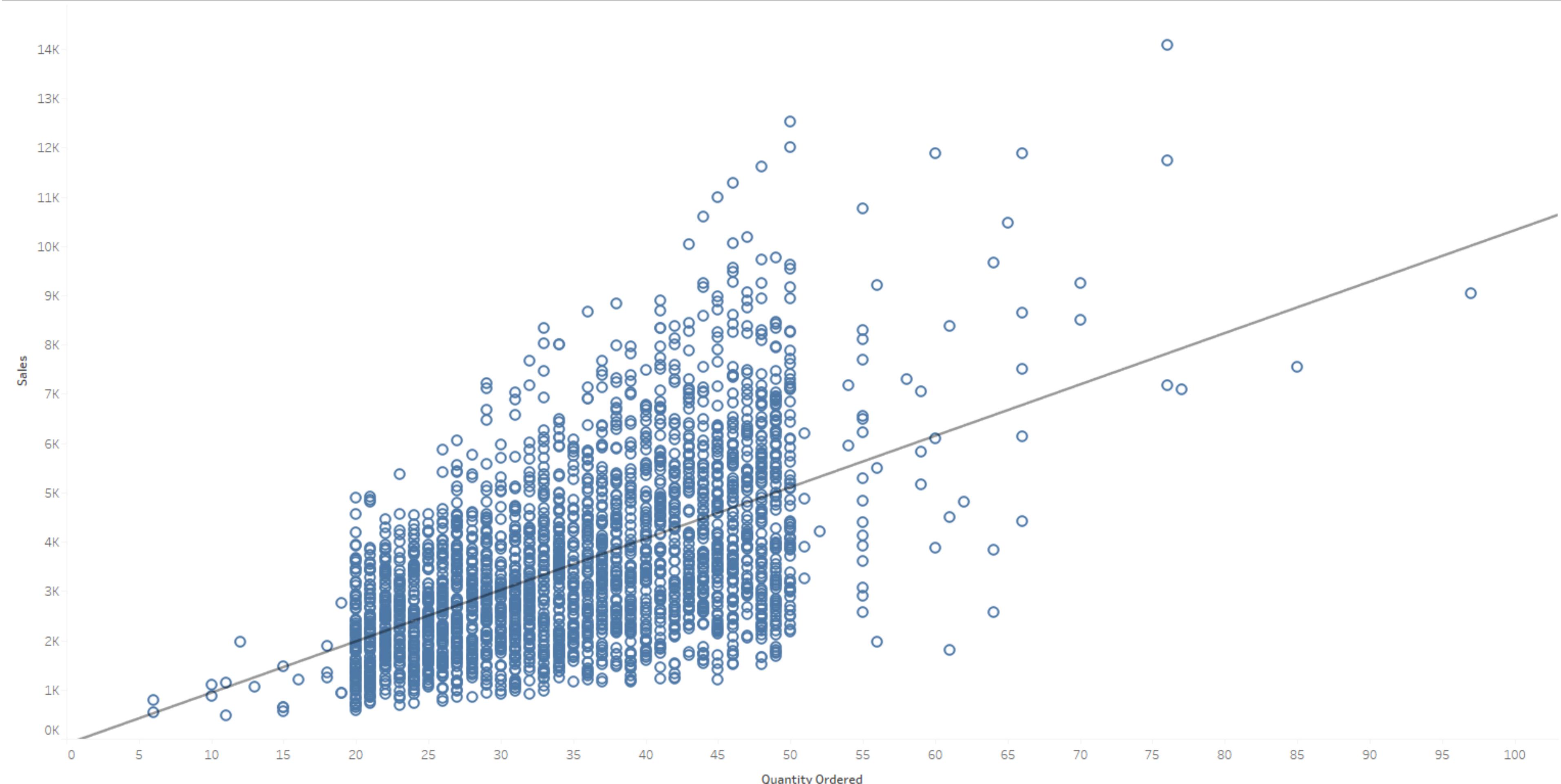
Boxplot - Sales



## Scatter Plot - Unit Price vs Sales

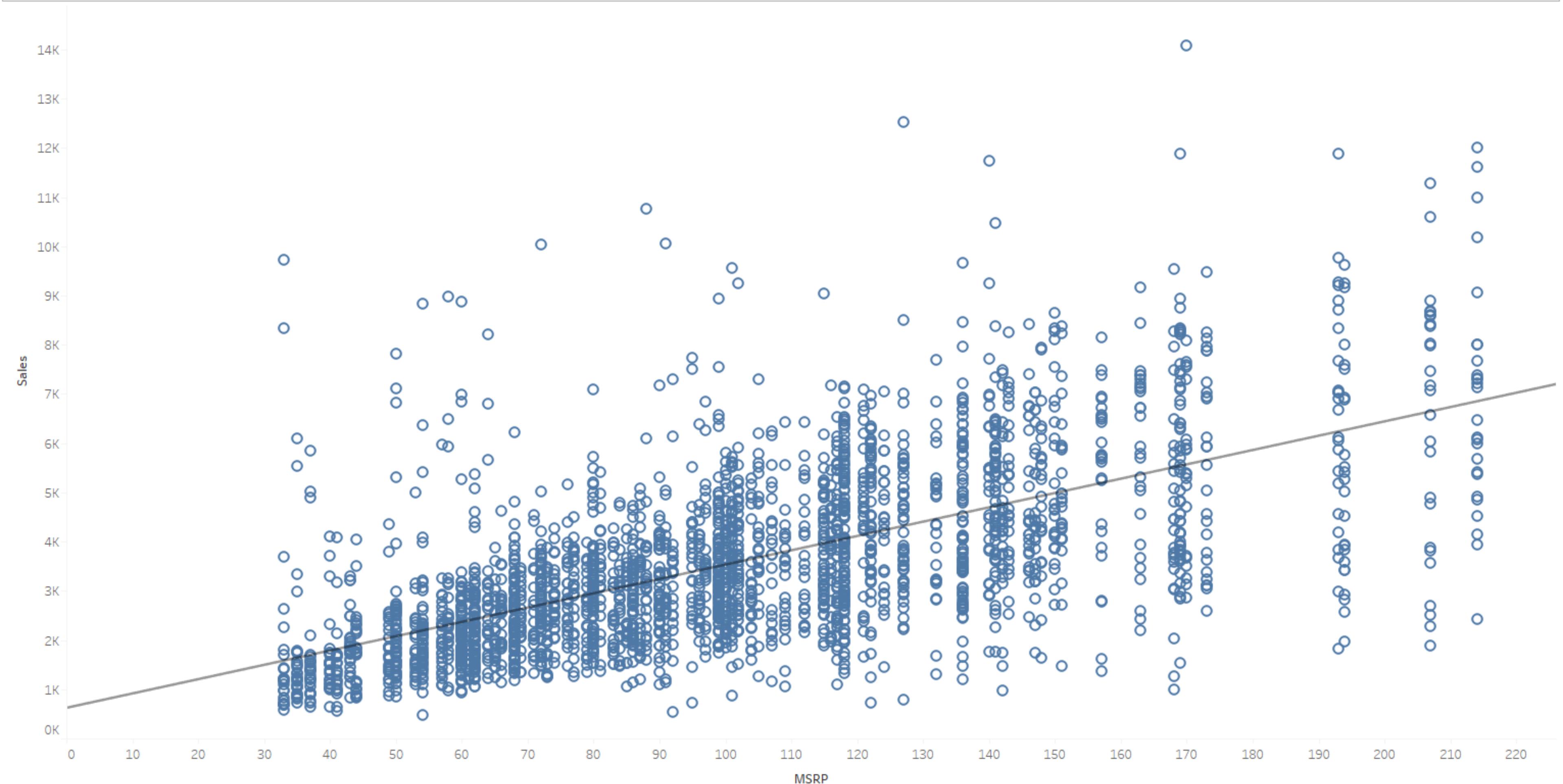


## Scatter Plot - Quantity Ordered vs Sales

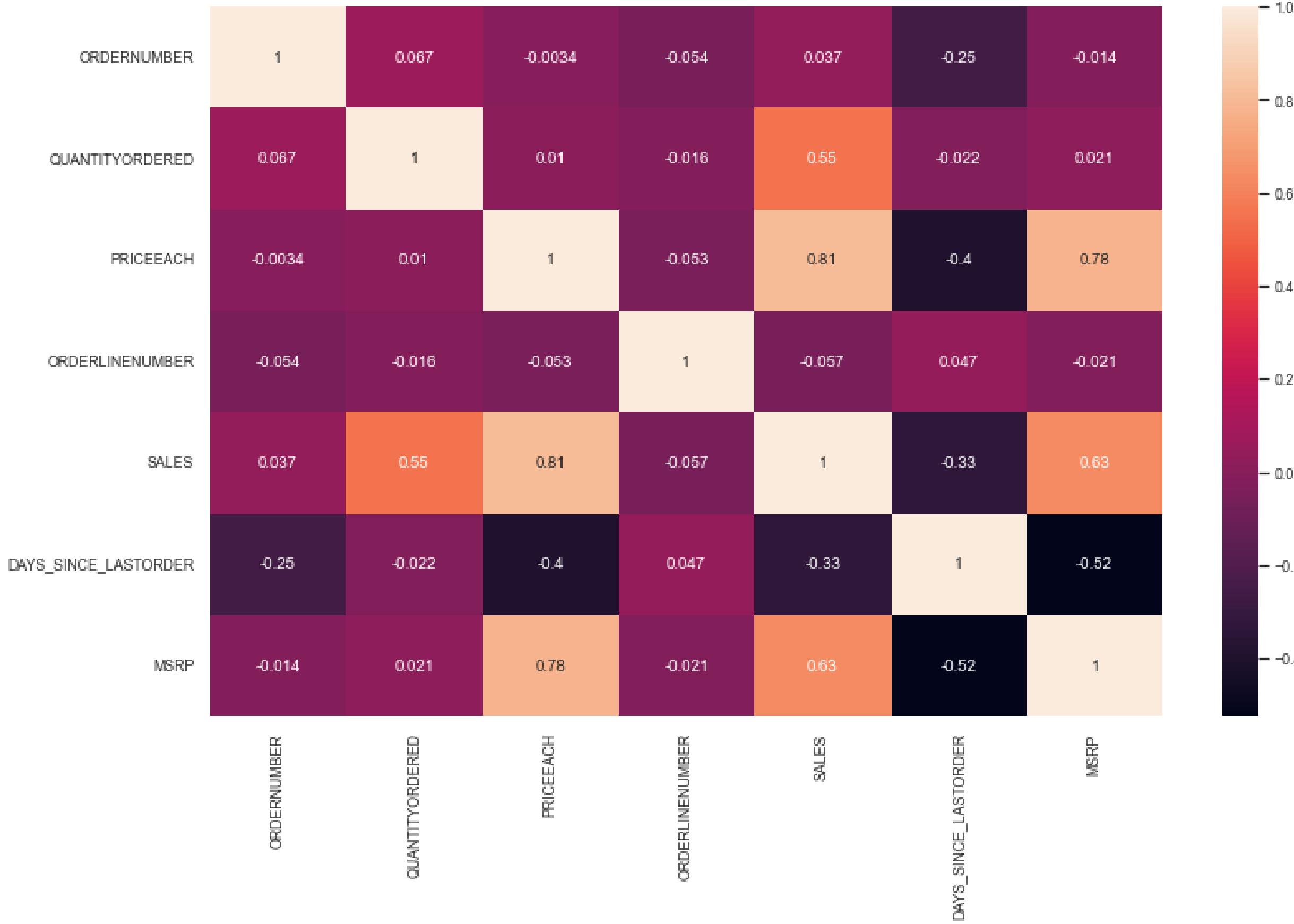


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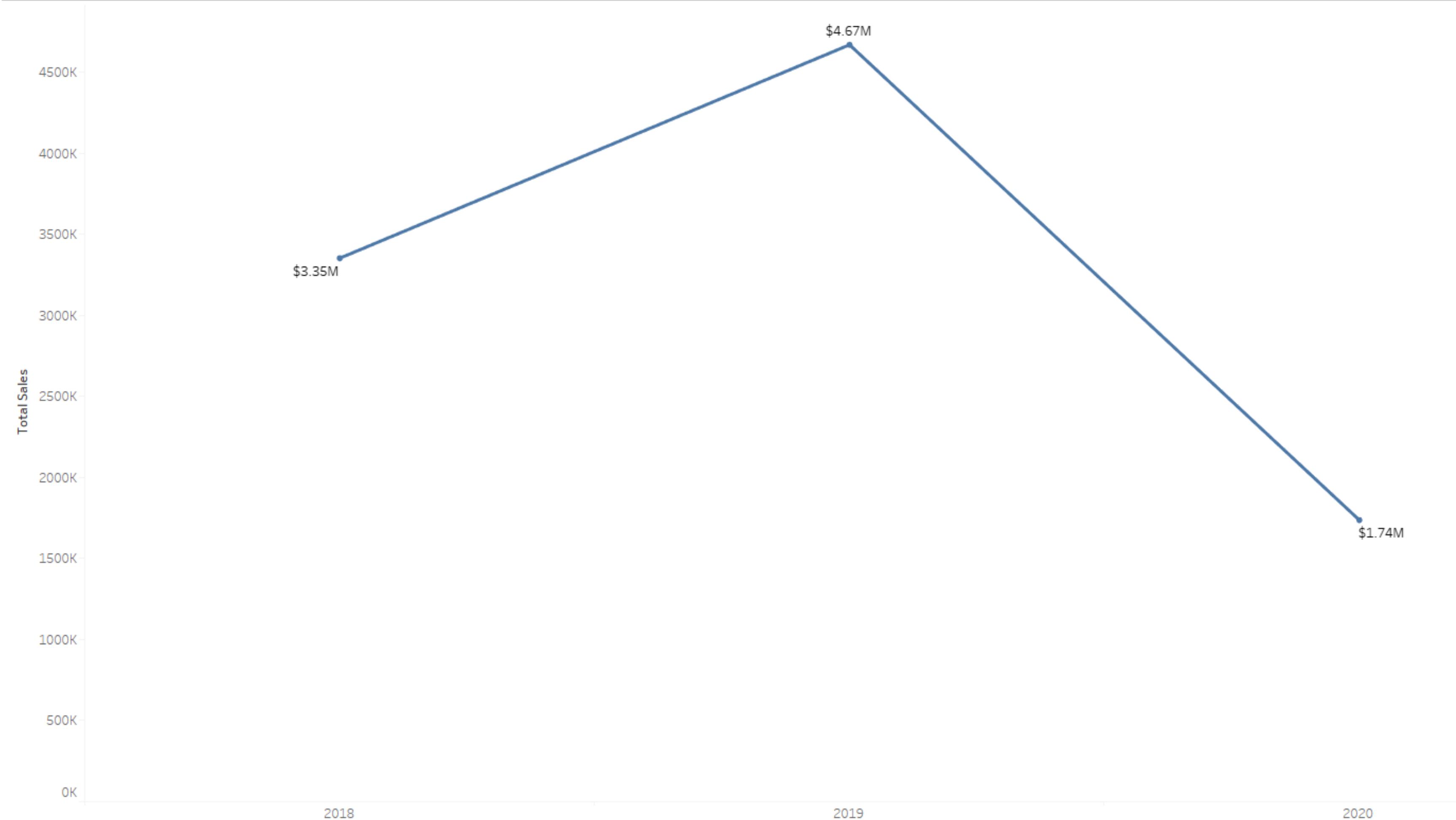
## Scatter Plot - MSRP vs Sales



# Correlation Plot of Numerical Features



## Yearly Sales



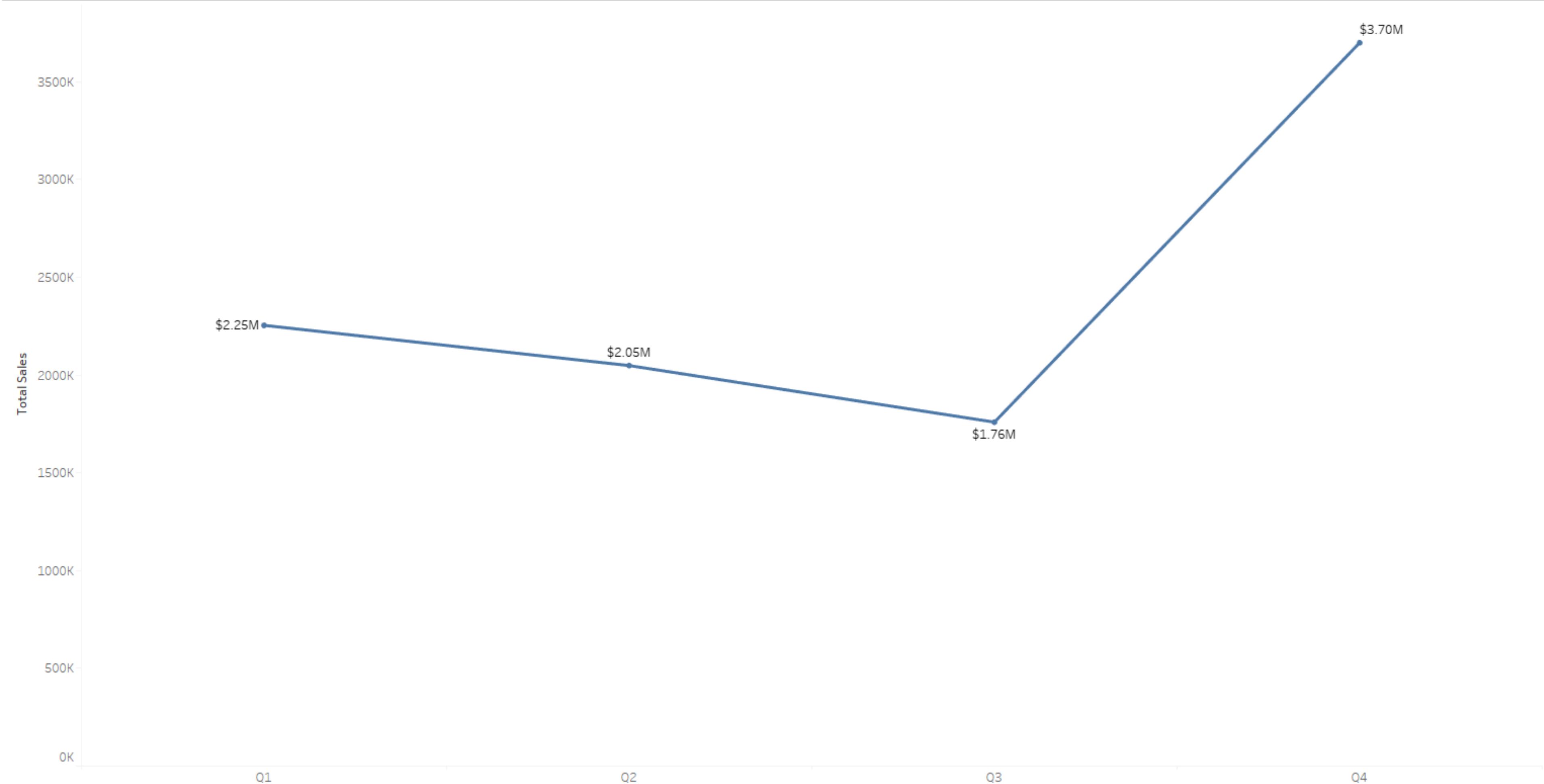
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## Quarterly Sales Continous

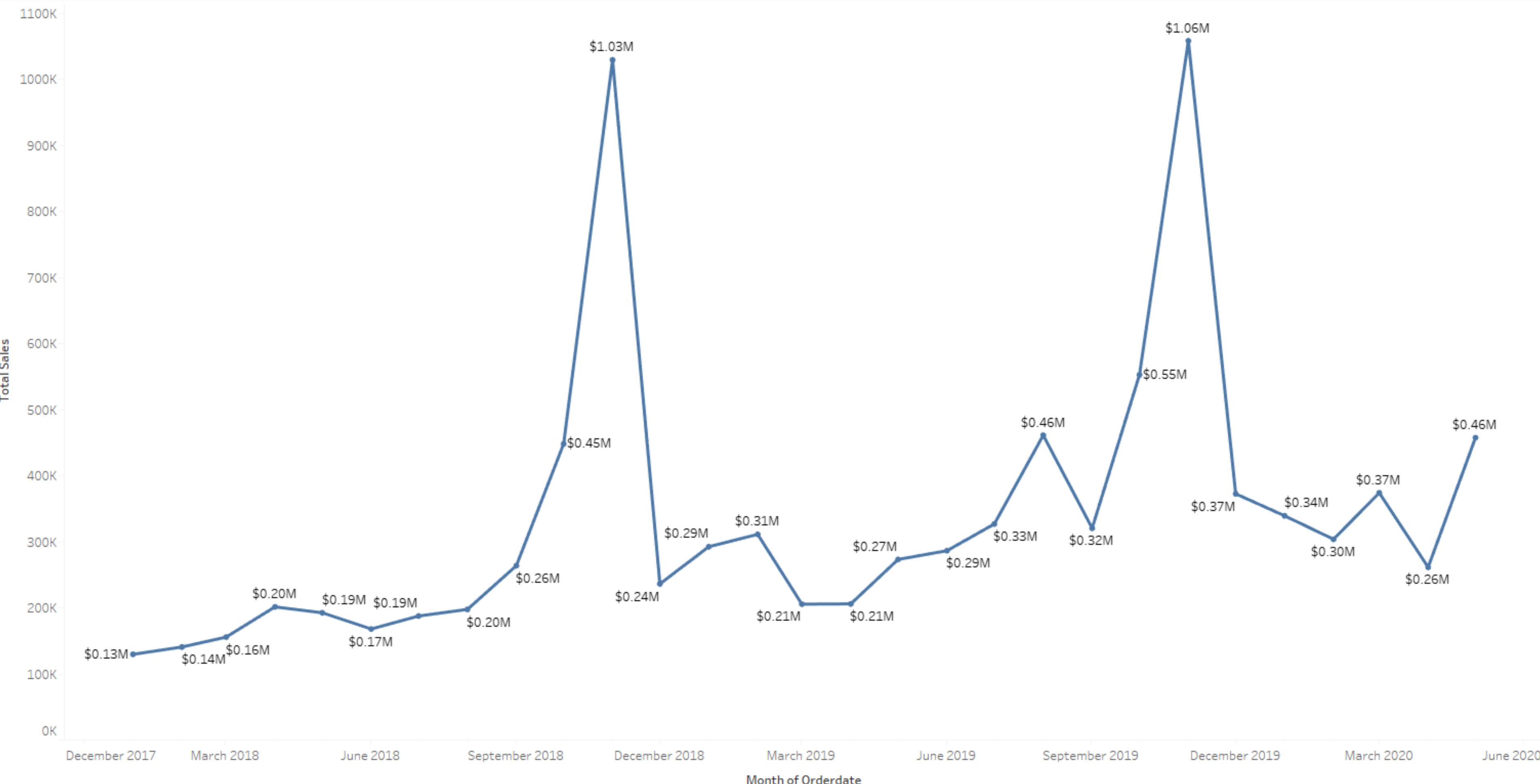


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## Quarterly Sales

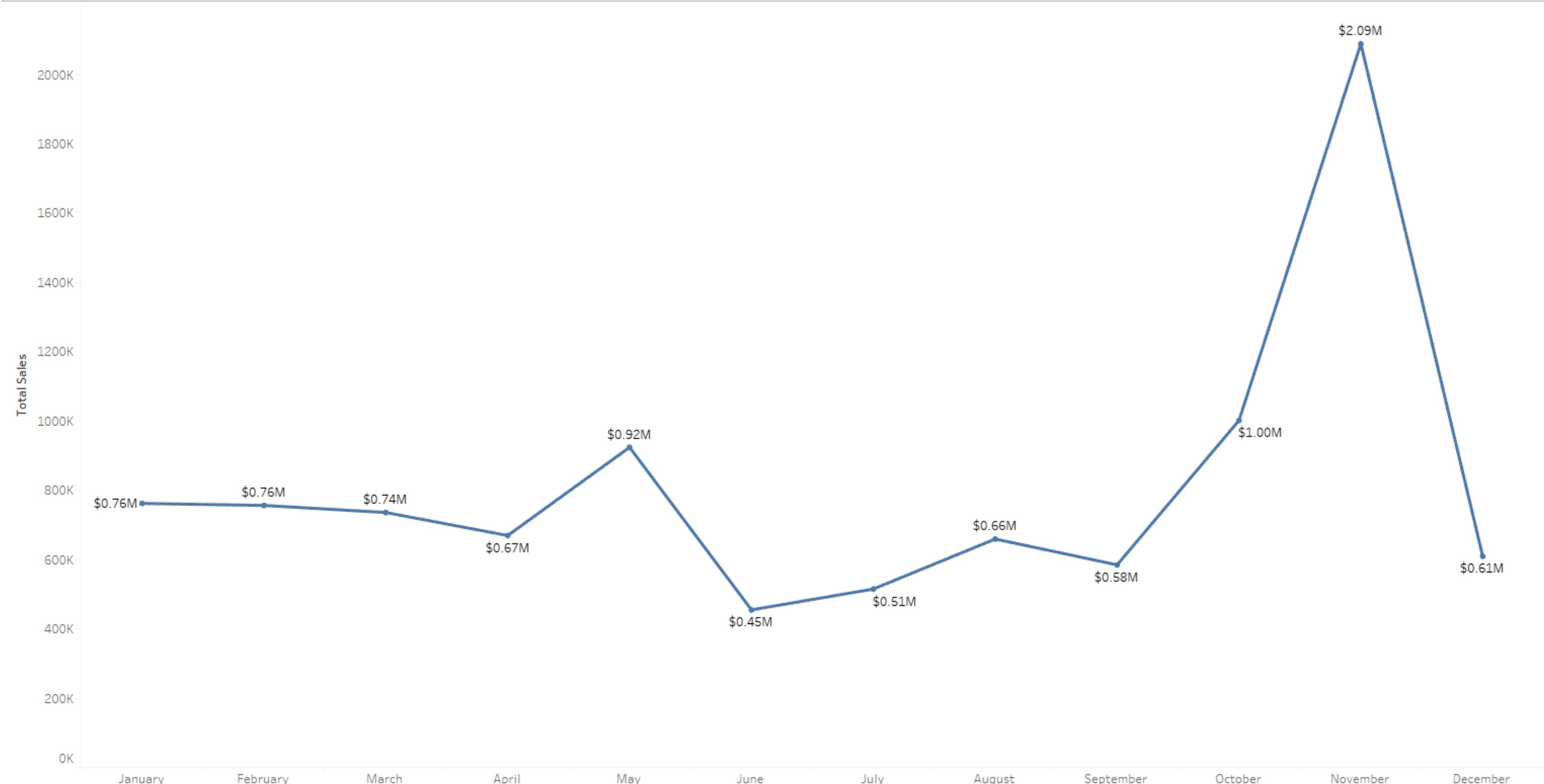


## Monthly Sales Continous



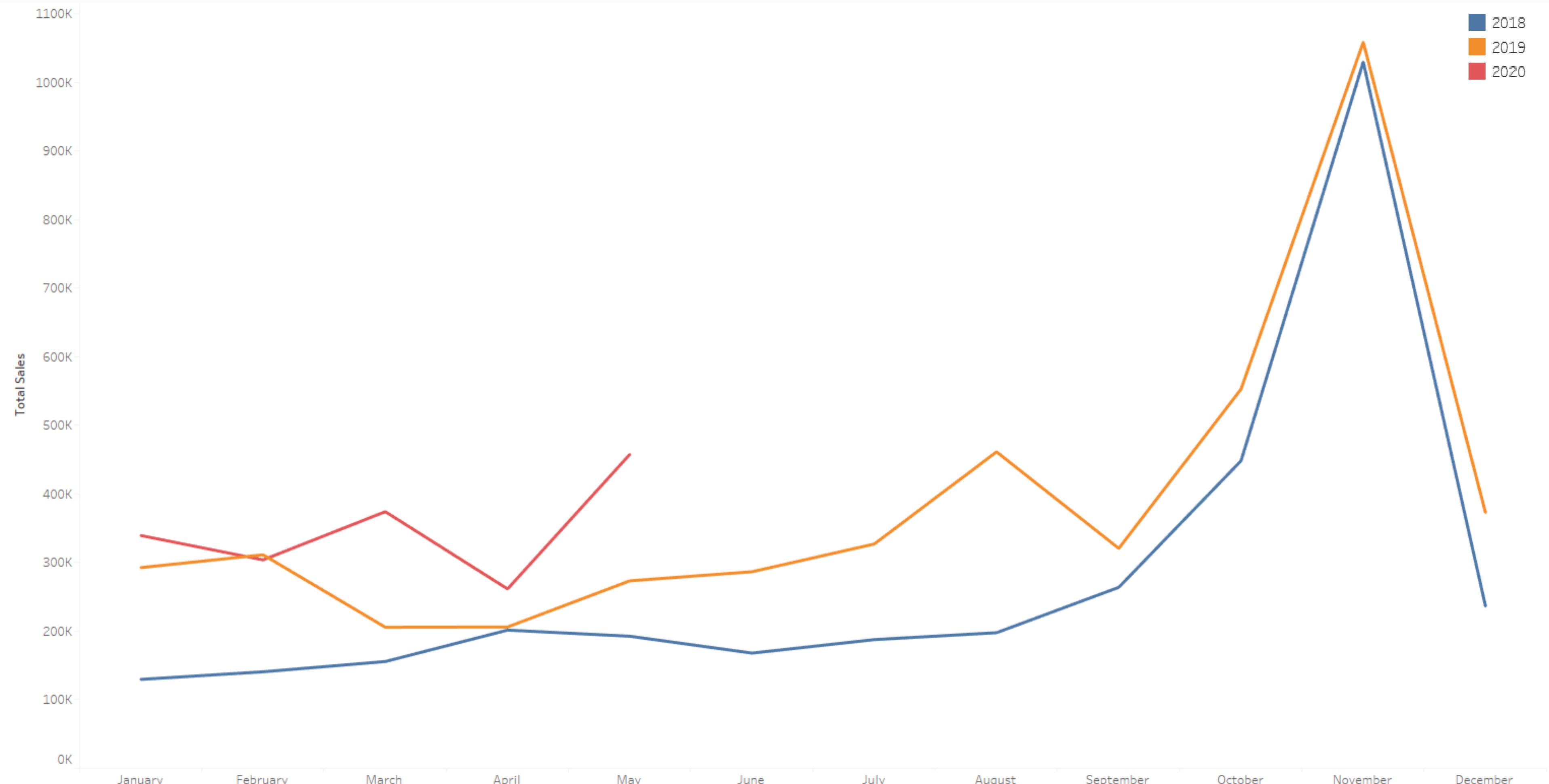
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## Monthly Sales



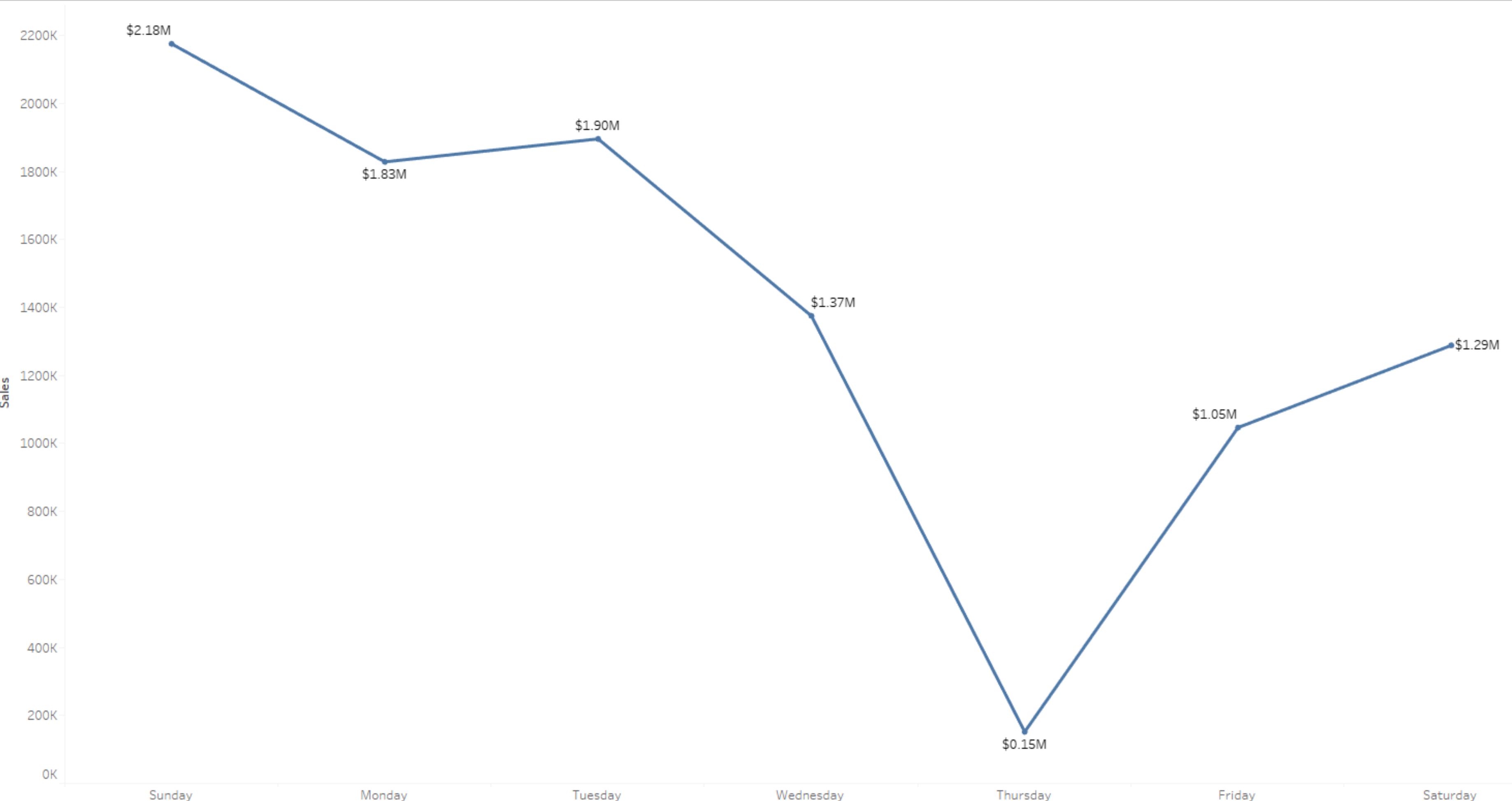
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## Monthly Sales Across Years



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## Weekly Sales



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# EDA Inferences

- The **geographic distribution** reveals that the majority of the clients come from **Europe and eastern regions**.
- The **top 5 nations** that customers come from are the **United States, France, the United Kingdom, Spain, and Australia**, whereas Switzerland, the Philippines, and Ireland made the smallest contributions in terms of the customer base.
- The **USA, Spain, France, Australia, and the UK** are the top 5 nations from which the **majority of orders** are placed.
- **Madrid received the most orders**, making it the **most valuable selling point**. San Rafael, New York, Singapore, and Paris come after this.
- The **most popular product categories** for the company, which are bringing in strong profits, are classic and vintage cars. The **sales contributed by the Classic cars product line is nearly twice that of Vintage cars**. Additionally, trains have the lowest sales of any type of moving vehicle.
- In the USA, classic automobiles, vintage autos, and motorbikes make up the **top 3 fast-moving sales across countries**.





# EDA Inferences

- In Madrid, San Rafael, and New York, classic cars account for the **top 3 quickly moving transactions across cities**.
- The majority of the customer's orders were **medium-sized deals** with sales that almost **totaled \$6 million**.
- Due to the existence of high-value data points, the PriceEach and Sales **histograms** appear to be slightly right-skewed. In contrast, the MSRP is slightly left skewed and the quantity ordered appears to be spread normally.
- The majority of quantities ordered are between 25 and 50. Each product's unit price ranges from \$20 to \$200, accounting for more than 70% of all prices whereas MSRP ranges from \$25 to 180\$. 60% of the overall sales were in the \$1K to \$5K range.
- Quantity and MSRP Compared to the Sales and Unit Price columns, which have a high number of **outlier proportions**, Ordered appears to have a very low number of outliers. For this dataset, there is no outlier handling.





# EDA Inferences

- The unit price versus sales **scatter-plot** demonstrates a linear relationship between the features. Sales increase linearly as the product's unit price rises. With regard to sales, an identical relationship can be noticed between MSRP and quantity ordered.
- With regard to sales, there is a **positive correlation** between MSRP and Quantity Ordered. The relationship between PriceEach and MSRP features is positive.
- The year 2019 saw the largest sales, totaling \$4.67 million, and the following years saw a fall. It's fascinating to see that **seasonality is present** in the **quarterly and monthly sales plot**. Every year, the **sales appear to increase after the end of Q3 and reach their highest volume by end of Q4**, and every year, the fourth quarter sees the most sales.





# EDA Inferences

- The sales volume is stable from January through April, with a slight increase in May. After that, it gradually decreases in June, then slowly increases until August, before taking a slight dip in September before exploding to its peak in the months that follow.
- The monthly sales chart for each year reveals that despite the lack of a clearly defined pattern until September, there is always a recurrent trend in the months from September through December. Regarding the weekly sales chart, neither trends nor patterns can be found.
- Instead of the weekdays, the weekends appear to have the most sales as can be seen from the weekly sales chart.





# RFM SEGMENTATION



## What is it?

- RFM analysis is a marketing technique used to analyze and segment a company's customer base based on three key metrics: **Recency, Frequency, and Monetary** Value. These three metrics are used to determine the value of each customer to the business and to identify the most valuable customers.

# RFM – Key Metrics



- **Recency** refers to the last time a customer made a purchase. Customers who have recently made a purchase are more likely to make another purchase in the future than those who have not made a purchase in a long time.
- **Frequency** refers to the number of purchases a customer has made over a specific period of time. Customers who have made a high number of purchases over a given period are considered more valuable than those who have made fewer purchases.
- **Monetary Value** refers to the total amount of money a customer has spent over a specific period of time. Customers who have spent a high amount of money are considered more valuable than those who have spent less.

# CUSTOMER CATEGORY

Segmenting customers into 4 categories

**PLATINUM**



**SILVER**



**GOLD**



**BRONZE**



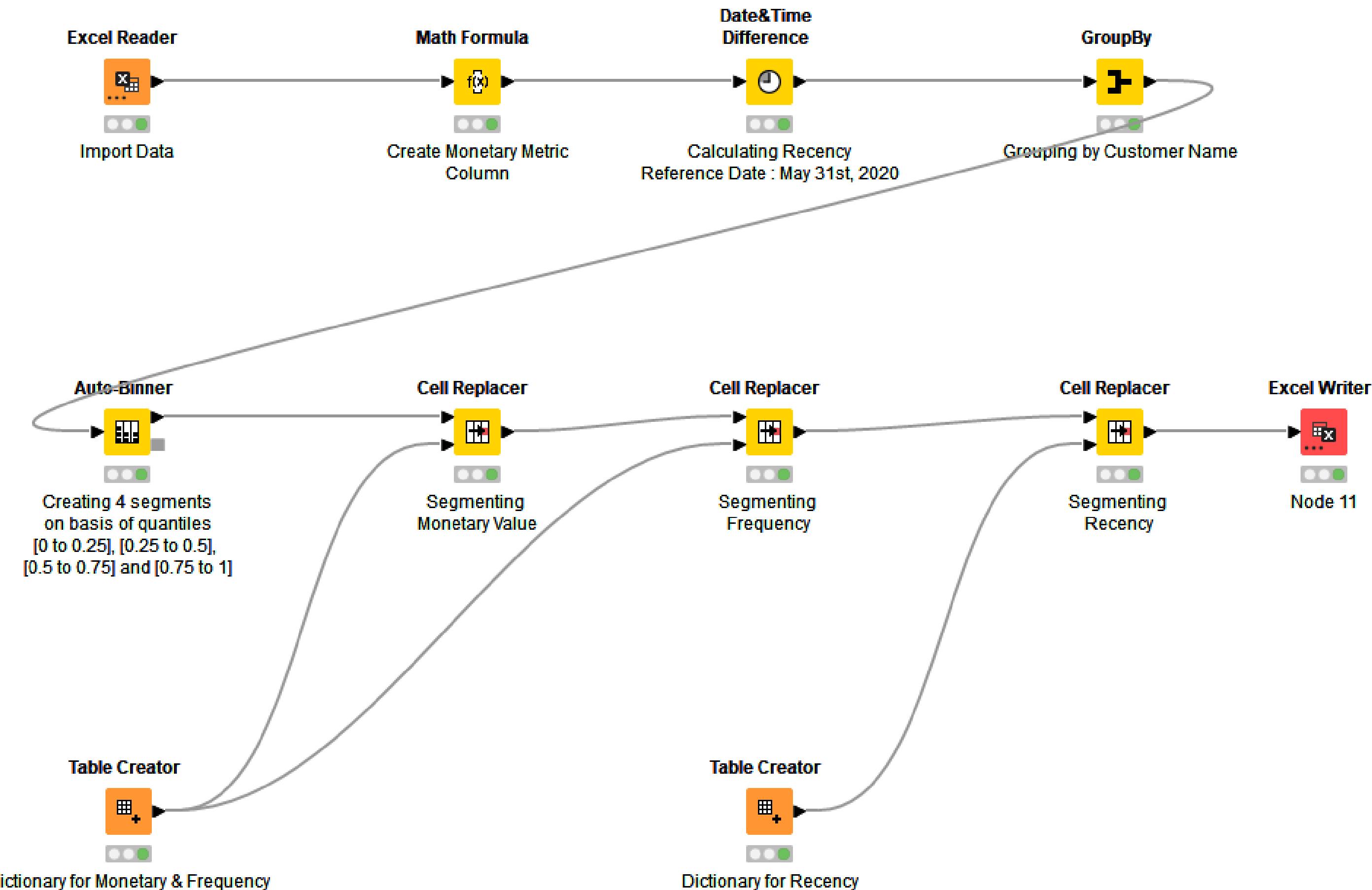
# CUSTOMER CATEGORY

The 89 customers are segmented on basis  
of quartiles



**Assumption:** Recency is calculated as the difference between the order date and  
the date of the most recent transaction order (31st May, 2020)

# RFM SEGMENTATION USING KNIME





# OUTPUT HEAD OF KNIME WORKFLOW

CUSTOMERNAME	QUANTITYORDERED	PRICEEACH	SALES	ORDERDATE	DAYSSINCELASTORDER	PRODUCTLINE	COUNTRY	Monetary_Calc	Recency_Calc	ORDERDATE [Binned]	Monetary_Calc [Binned]	Recency_Calc [Binned]	Monetary	Frequency	Recency	
AV Stores, Co.	1778	91.0845098	157807.81	51	51	Vintage Cars	UK	157807.81	196	Bin 4	Bin 4	Bin 4	Bin 3	Platinum	Platinum	Silver
Alpha Cognac	687	101.16	70488.44	20	20	Ships	France	70488.44	64	Bin 1	Bin 1	Bin 1	Bin 1	Bronze	Bronze	Platinum
Amica Models & Co.	843	110.8526923	94117.26	26	26	Vintage Cars	Italy	94117.26	265	Bin 2	Bin 3	Bin 3	Bin 4	Gold	Silver	Bronze
Anna's Decorations, Ltd	1469	106.4241304	153996.13	46	46	Classic Cars	Australia	153996.13	83	Bin 4	Bin 4	Bin 4	Bin 2	Platinum	Platinum	Gold
Atelier graphique	270	92.23857143	24179.96	7	7	Classic Cars	France	24179.96	188	Bin 1	Bin 1	Bin 1	Bin 3	Bronze	Bronze	Silver
Australian Collectables, Ltd	705	90.04173913	64591.46	23	23	Vintage Cars	Australia	64591.46	22	Bin 2	Bin 2	Bin 1	Bin 1	Bronze	Silver	Platinum
Australian Collectors, Co.	1926	104.5901818	200995.41	55	55	Motorcycles	Australia	200995.41	184	Bin 4	Bin 4	Bin 4	Bin 2	Platinum	Platinum	Gold
Australian Gift Network, Co	545	110.554	59469.12	15	15	Classic Cars	Australia	59469.12	119	Bin 1	Bin 1	Bin 1	Bin 2	Bronze	Bronze	Gold
Auto Assoc. & Cie.	637	99.48780142	64834.32	18	18	Vintage Cars	France	64834.32	233	Bin 1	Bin 1	Bin 1	Bin 4	Bronze	Bronze	Bronze
Auto Canal Petit	1001	94.25518519	93170.66	27	27	Motorcycles	France	93170.66	54	Bin 3	Bin 3	Bin 3	Bin 1	Gold	Gold	Platinum
Auto-Moto Classics Inc.	287	92.8	26479.26	8	8	Vintage Cars	USA	26479.26	180	Bin 1	Bin 1	Bin 1	Bin 2	Bronze	Bronze	Gold
Baane Mini Imports	1082	108.57375	116599.19	32	32	Trucks and Buses	Norway	116599.19	208	Bin 3	Bin 3	Bin 3	Bin 3	Gold	Gold	Silver
Bavarian Collectables Imports, Co.	401	84.28928571	34993.92	14	14	Planes	Germany	34993.92	259	Bin 1	Bin 1	Bin 1	Bin 4	Bronze	Bronze	Bronze
Blauer See Auto, Co.	811	108.0313636	85171.59	22	22	Classic Cars	Germany	85171.59	208	Bin 2	Bin 2	Bin 2	Bin 3	Silver	Silver	Silver
Boards & Toys Co.	102	89.80666667	9129.35	3	3	Classic Cars	USA	9129.35	113	Bin 1	Bin 1	Bin 1	Bin 2	Bronze	Bronze	Gold
CAF Imports	468	104.9630769	49642.05	13	13	Ships	Spain	49642.05	439	Bin 1	Bin 1	Bin 1	Bin 4	Bronze	Bronze	Bronze
Cambridge Collectables Co.	357	101.3290909	36163.62	11	11	Vintage Cars	USA	36163.62	389	Bin 1	Bin 1	Bin 1	Bin 4	Bronze	Bronze	Bronze
Canadian Gift Exchange Network	703	105.3409091	75238.92	22	22	Trucks and Buses	Canada	75238.92	222	Bin 2	Bin 2	Bin 2	Bin 3	Silver	Silver	Silver
Classic Gift Ideas, Inc	668	103.3204762	67506.97	21	21	Vintage Cars	USA	67506.97	230	Bin 2	Bin 2	Bin 1	Bin 3	Bronze	Silver	Silver
Classic Legends Inc.	720	109.8035	77795.2	20	20	Classic Cars	USA	77795.2	192	Bin 1	Bin 1	Bin 2	Bin 3	Silver	Bronze	Silver
Clover Collections, Co.	490	112.87	57756.43	16	16	Classic Cars	Ireland	57756.43	258	Bin 1	Bin 1	Bin 1	Bin 4	Bronze	Bronze	Bronze
Collectable Mini Designs Co.	954	91.5348	87489.23	25	25	Classic Cars	USA	87489.23	460	Bin 2	Bin 2	Bin 2	Bin 4	Silver	Silver	Bronze
Collectables For Less Inc.	795	97.23708333	81577.98	24	24	Classic Cars	USA	81577.98	132	Bin 2	Bin 2	Bin 2	Bin 2	Silver	Silver	Gold
Corrida Auto Replicas, Ltd	1163	105.175	120615.28	32	32	Vintage Cars	Spain	120615.28	212	Bin 3	Bin 4	Bin 4	Bin 3	Platinum	Gold	Silver
Cruz & Sons Co.	961	96.08	94015.73	26	26	Classic Cars	Philippines	94015.73	197	Bin 2	Bin 2	Bin 3	Bin 3	Gold	Silver	Silver
Daedalus Designs Imports	699	95.474	69052.41	20	20	Motorcycles	France	69052.41	465	Bin 1	Bin 1	Bin 1	Bin 4	Bronze	Bronze	Bronze
Danish Wholesale Imports	1315	108.0377778	145041.6	36	36	Classic Cars	Denmark	145041.6	46	Bin 4	Bin 4	Bin 4	Bin 1	Platinum	Platinum	Platinum
Diecast Classics Inc.	1111	108.5658065	122138.14	31	31	Trucks and Buses	USA	122138.14	1	Bin 3	Bin 4	Bin 4	Bin 1	Platinum	Gold	Platinum
Diecast Collectables	695	101.7833333	70859.78	18	18	Trucks and Buses	USA	70859.78	401	Bin 1	Bin 2	Bin 4	Bin 4	Silver	Bronze	Bronze
Double Decker Gift Stores, Ltd	357	99.10833333	36019.04	12	12	Vintage Cars	UK	36019.04	495	Bin 1	Bin 1	Bin 1	Bin 4	Bronze	Bronze	Bronze
Dragon Souveniers, Ltd.	1524	113.1055814	172989.68	43	43	Classic Cars	Singapore	172989.68	90	Bin 4	Bin 4	Bin 4	Bin 2	Platinum	Platinum	Gold
Enaco Distributors	882	88.78347826	78411.86	23	23	Ships	Spain	78411.86	189	Bin 2	Bin 2	Bin 2	Bin 3	Silver	Silver	Silver
Euro Shopping Channel	9327	97.38320463	912294.11	259	259	Classic Cars	Spain	912294.11	0	Bin 4	Bin 4	Bin 4	Bin 1	Platinum	Platinum	Platinum

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# RFM PIVOT TABLE

Recency	Frequency	Monetary				
		Platinum	Gold	Silver	Bronze	
Platinum	Platinum	9	1			
	Gold	1	3			
	Silver		1	4	1	
	Bronze			2	1	
Gold	Platinum	6	1			
	Gold		4	1		
	Silver		2	2		
	Bronze				6	
Silver	Platinum	4				
	Gold	1	2			
	Silver		4	6	1	
	Bronze			2	2	
Bronze	Platinum	1				
	Gold		3			
	Silver		1	3		
	Bronze			2	12	

BEST CUSTOMERS

LOYAL CUSTOMERS

VERGE OF CHURNING

LOST CUSTOMERS

# BEST CUSTOMERS

Customer Name	Recency	Frequency	Monetary Value
Euro Shopping Channel	0	259	912294.11
La Rochelle Gifts	0	53	180124.9
Mini Gifts Distributors Ltd.	2	180	654858.06
Souveniers And Things Co.	2	46	151570.98
Salzburg Collectables	14	40	149798.63
L'ordine Souveniers	21	39	142601.33
The Sharp Gifts Warehouse	39	40	160010.27
Danish Wholesale Imports	46	36	145041.6
Reims Collectables	62	41	135042.94

These customers are the best since they meet all criteria for Platinum-level clients.  
Businesses must make every effort to keep these clients.

# LOYAL CUSTOMERS

Sample of 10 Loyal Customers

Customer Name	Recency	Frequency	Monetary Value
Alpha Cognac	64	20	70488.44
Anna's Decorations, Ltd	83	46	153996.13
Australian Collectables, Ltd	22	23	64591.46
Australian Collectors, Co.	184	55	200995.41
Australian Gift Network, Co	119	15	59469.12
Auto Canal Petit	54	27	93170.66
Auto-Moto Classics Inc.	180	8	26479.26
Boards & Toys Co.	113	3	9129.35
Collectables For Less Inc.	132	24	81577.98
Diecast Classics Inc.	1	31	122138.14

These customers are regarded as loyal customers since they consistently generate income for the company at regular intervals. The company must launch a specific campaign for these clients to convert them into best category

# CUSTOMERS AT VERGE OF CHURNING

Sample of 10 Customers

Customer Name	Recency	Frequency	Monetary Value
AV Stores, Co.	196	51	157807.81
Amica Models & Co.	265	26	94117.26
Atelier graphique	188	7	24179.96
Baane Mini Imports	208	32	116599.19
Blauer See Auto, Co.	208	22	85171.59
Canadian Gift Exchange Network	222	22	75238.92
Classic Gift Ideas, Inc	230	21	67506.97
Classic Legends Inc.	192	20	77795.2
Collectable Mini Designs Co.	460	25	87489.23
Corrida Auto Replicas, Ltd	212	32	120615.28

Due to the likelihood that they may leave based on the measured metrics, the company runs the risk of losing these customers. If these customers are the target of efficient marketing, we can turn them into loyal customers.

# LOST CUSTOMERS

Customer Name	Recency	Frequency	Monetary Value
Auto Assoc. & Cie.	233	18	64834.32
Bavarian Collectables Imports, Co.	259	14	34993.92
CAF Imports	439	13	49642.05
Cambridge Collectables Co.	389	11	36163.62
Clover Collections, Co.	258	16	57756.43
Daedalus Designs Imports	465	20	69052.41
Double Decker Gift Stores, Ltd	495	12	36019.04
Iberia Gift Imports, Corp.	238	15	54723.62
Online Mini Collectables	264	15	57197.96
Osaka Souveniers Co.	414	20	67605.07
Signal Collectibles Ltd.	476	15	50218.51
West Coast Collectables Co.	488	13	46084.64

Since they haven't generated any money for the business in a very long time and are seen as unlikely to do so again, these customers are classified as lost customers. They must not be included in any upcoming marketing initiatives because doing so would simply cost the organization a lot of money.

## RFM INFERENCES

- For segmentation, the RFM metrics were assigned the levels of Platinum, Gold, Silver, and Bronze. Customers who are highly valuable are represented by platinum, followed by active customers (gold), risky customers (silver), and inactive customers (bronze).
- Using RFM segmentation, we were able to isolate four different customer groups: **Best, Loyal, At Risk of Churning, and Lost.**
- There are **12 customers who are regarded to be lost, 36 customers who are loyal, 32 customers who are on the verge of leaving, and 9 customers who are considered to be the best customers.**

# ACTIONABLE STRATEGIES

- **Best customers:** These customers are **already highly engaged** with the business, so the marketing efforts should focus on **maintaining and strengthening this engagement**.
- Offer **personalized recommendations** based on their **past purchases and interests**.
- Provide **exclusive access to new products, services, or events**.
- Offer **personalized discounts or loyalty rewards**
- Invite them to **participate in focus groups or surveys to gather their feedback and insights**. This can help us understand their needs and preferences better, and tailor the marketing efforts to better meet their needs.
- Show clients that **you care about their experience** by demonstrating that your relationship with them doesn't end once they have paid for one of your products. To do this, you should provide a **warranty for your goods**, solicit customer feedback, or **suggest goods that are comparable to or consistent with the ones they've already bought**.

# ACTIONABLE STRATEGIES

- **Loyal customers:** These customers are likely to be loyal to the business, but may not be as active as your best customers. Marketing efforts should focus on **encouraging them to continue making purchases** and engaging with your business.
- **Keep them informed about new products** and services through email newsletters or personalized communication.
- Personalize their shopping experience by **remembering their preferences and past purchases.**
- Utilize **referral systems** to persuade loyal clients to spread the word
- Because **social media marketing** has a much wider reach than traditional organic marketing, it may draw in a new audience. Through user-generated content, these platforms also offer a terrific method to **promote client relationships. Social media competitions** and **freebies** encourage users to engage with the company and **spread the word about it to their networks.**

# ACTIONABLE STRATEGIES

- **At the risk of churning customers:** These customers are at risk of churning, or ending their relationship with your business. Marketing efforts should focus on **retaining these customers and preventing them from churning.** This could include personalized communication, targeted offers and promotions, and **personalized support and assistance.**
- **Reach out to them personally to understand their needs and address any issues** or concerns they may have.
- The percentage of persons who could be recovered back could be determined by **experimenting with a variety of discounted offers to at-risk clients.**
- Give these consumers the **greatest possible customer service.**

# ACTIONABLE STRATEGIES

- **Lost customers:** These customers are no longer engaging with your business, so marketing efforts should focus on **re-engaging and re-acquiring them as customers**. This could include targeted offers and promotions, personalized communication, and incentives to return to your business.
- If the **company has enough budget**, consider **implementing a customer re-engagement campaign** to specifically target lost customers and bring them back into the company
- **Reach out to them personally to understand why they stopped engaging with your business** and see if there is anything you can do to re-engage them
- **Offer targeted promotions** or discounts to encourage them to return to your business **if and only if the company has enough budget**.
- The customer experience can be personalized, which is another excellent strategy for reactivating inactive customers. This can entail offering them customized recommendations or offers based on their interests, as well as **remembering their preferences and previous purchases**.