

Customer Relationship Management

{ CRM - Analytics
= Customer Segmentation

= class starts @ 9:03 PM =

Problem:

→ e-commerce

budget → Rs 50L of marketing | sales budget

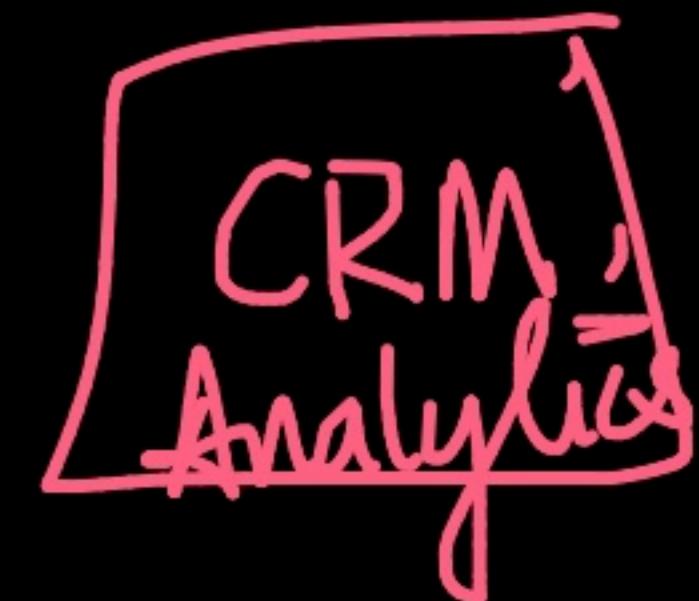
Lots of customers → cannot target ...

discounts; deals; sales;
1-day delivery ...

subset of
customers

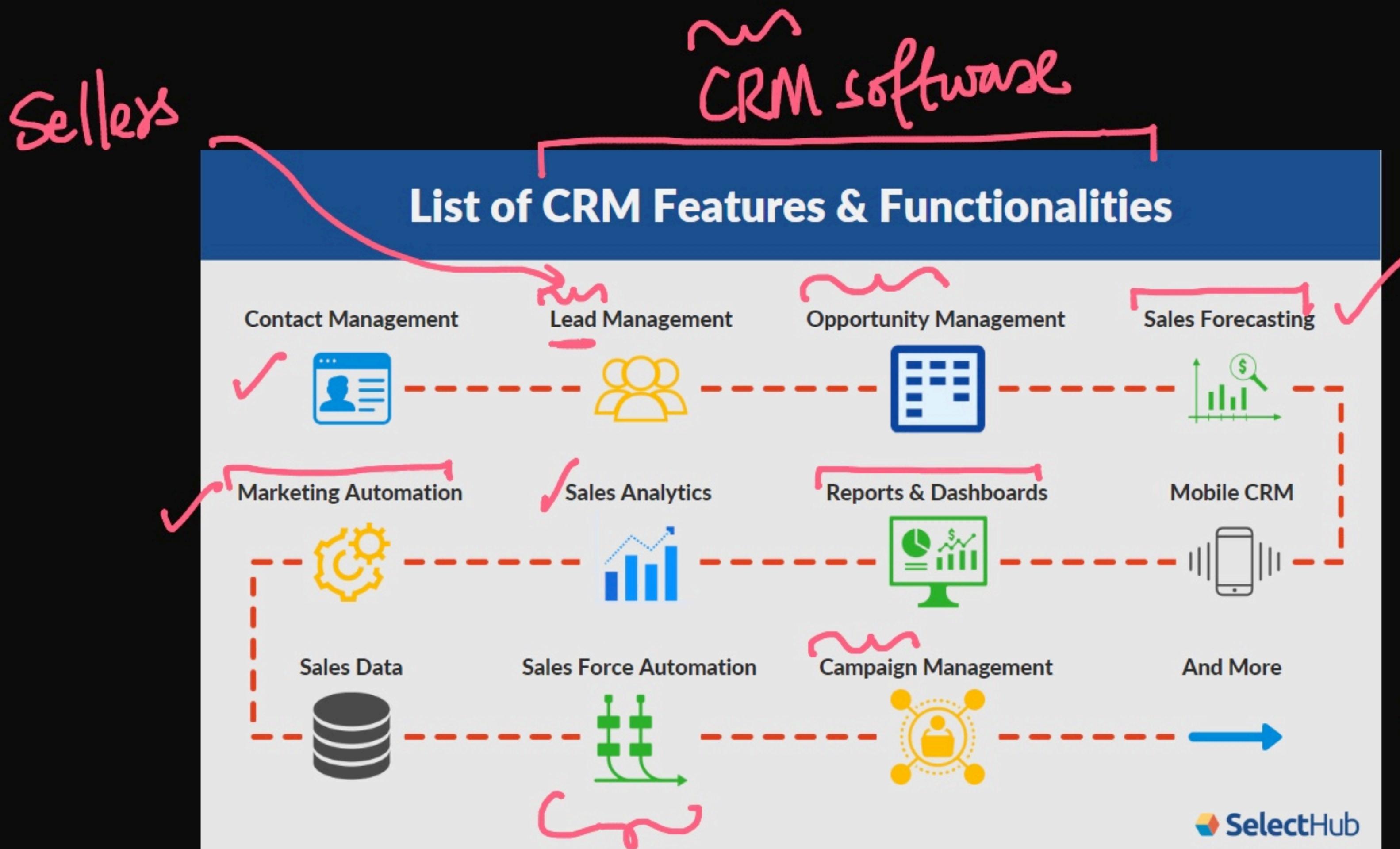
obj: increase revenue & profit

↳ interactively

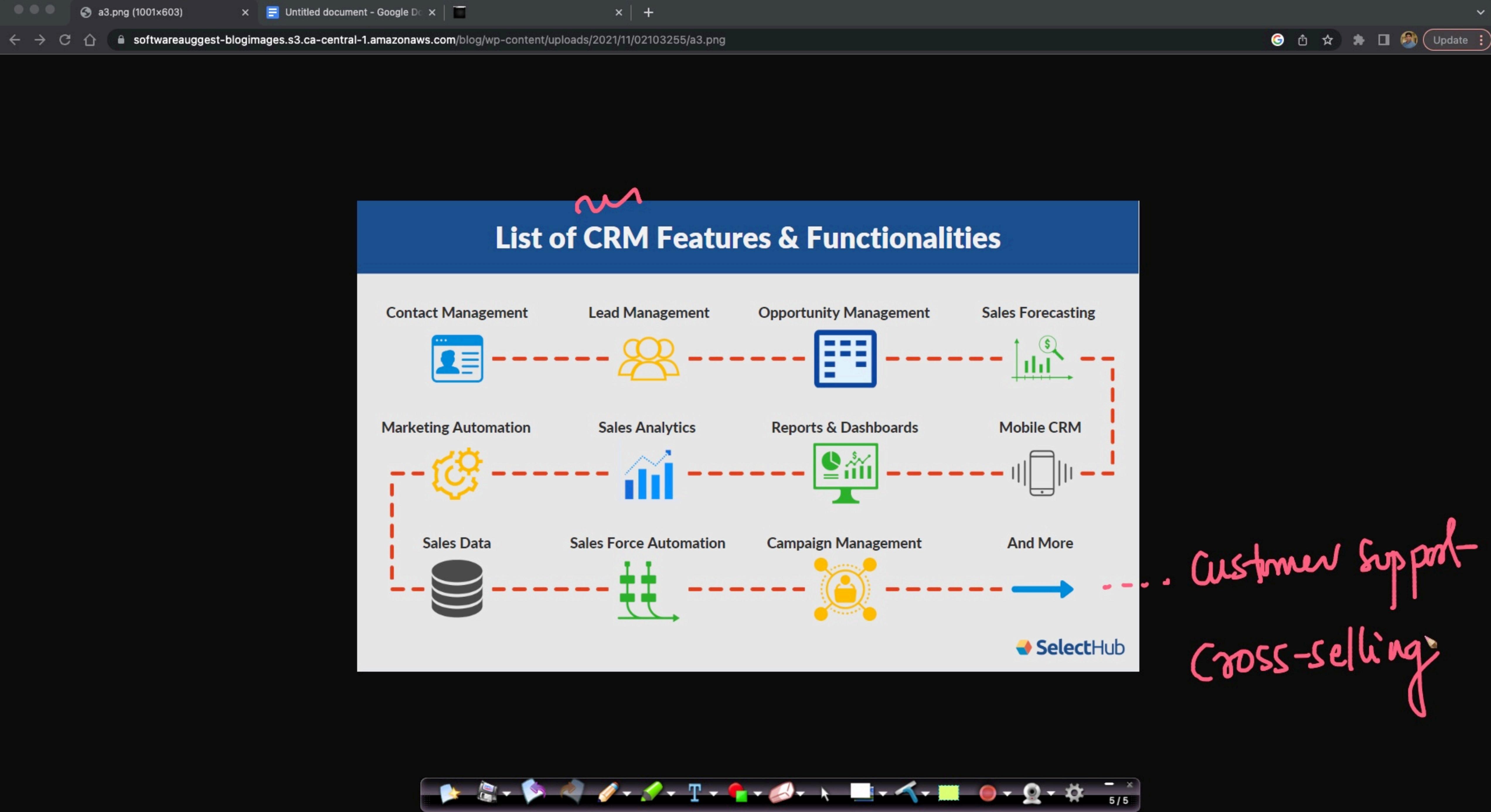


CRM: Customer Relationship Management



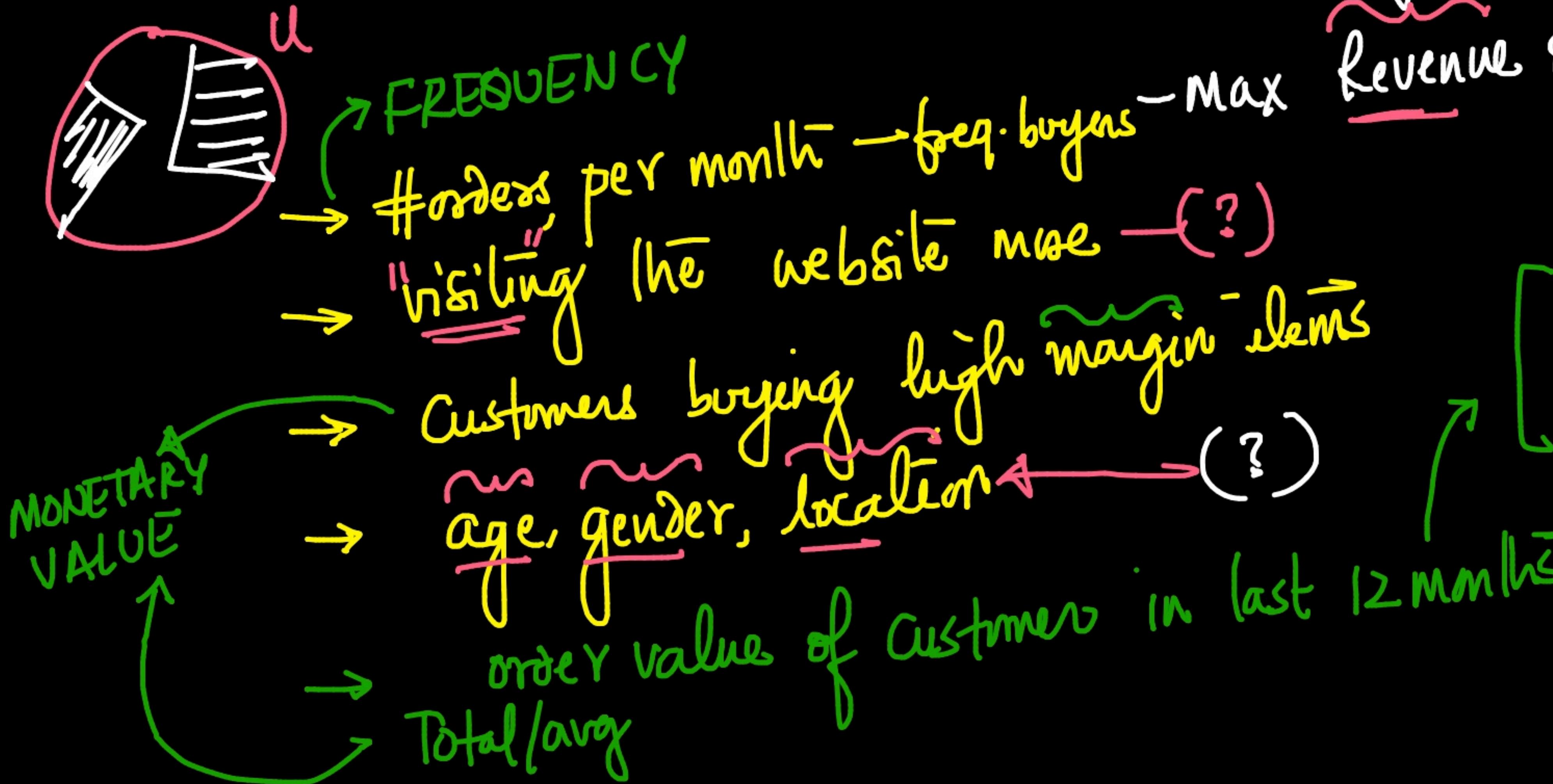


Customer Support



Back to our Problem:

obj: - Subset of **Customers** ✓
- \$10 budget
Revenue & profit

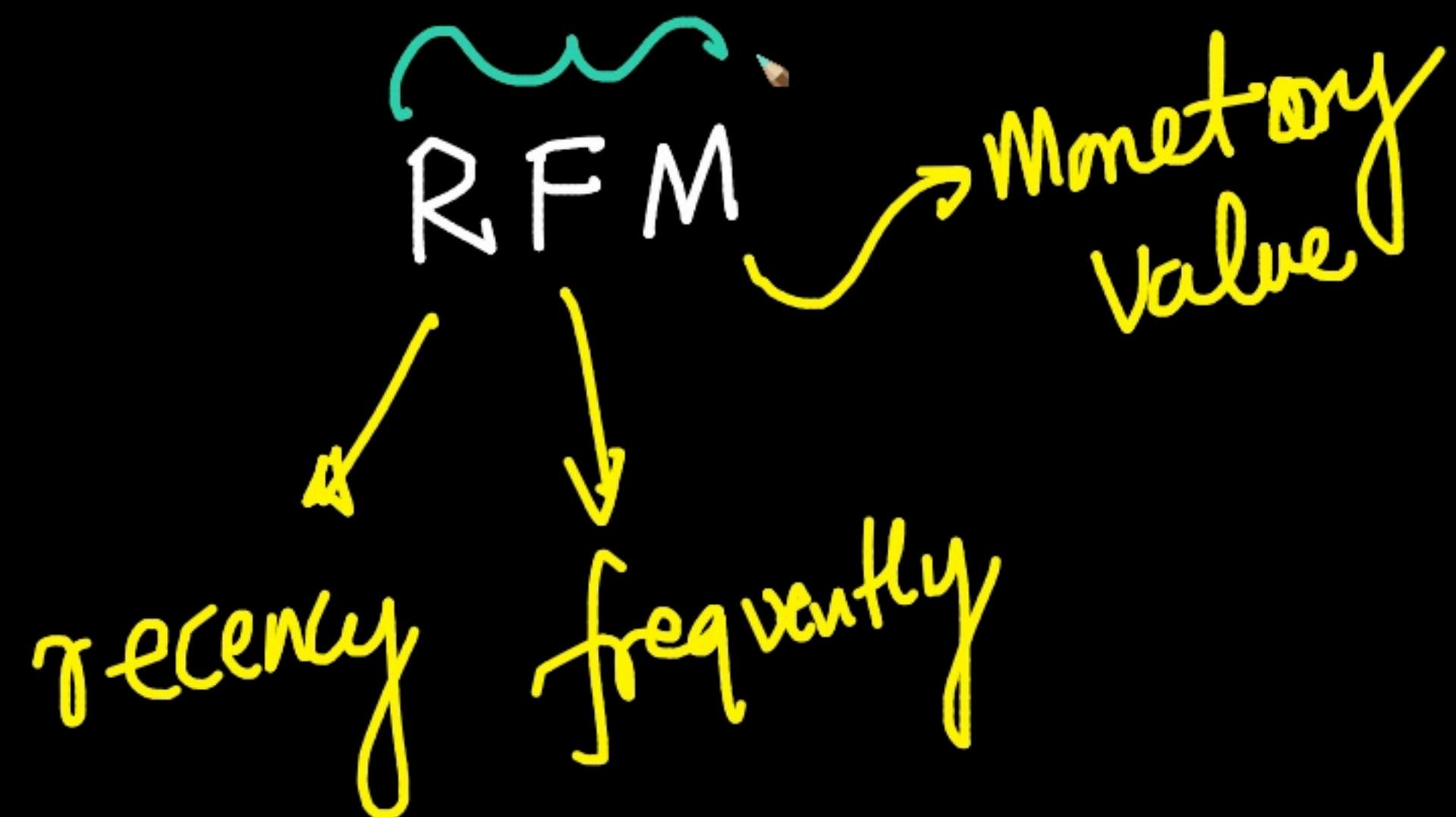


LTV: life Time Value

RECENTLY ← → Customers who bought more recently

User (Customer - Segmentation)

Revenue & Profits



User - Segmentierung

→ demographics: age, gender; ethnicity
→ Psychographics: interests ; opinions ; lifestyle;
...
→ Geographic: → wealth
→ Purchase Patterns → ...
PE(RFM)

✓ { e.g.:
1000's of user-segment-tags → . dad - 2 boys
. dad - 3 kids } ✓

- ~~Demographic~~
- ✓ Recency → how recently has the cust made a purchase (days)
- 0, 1, 2, 3, 4, ...
 H → 0, 1, 2, 3, 4, ...
 L → 10, 11, 12, 13, ...

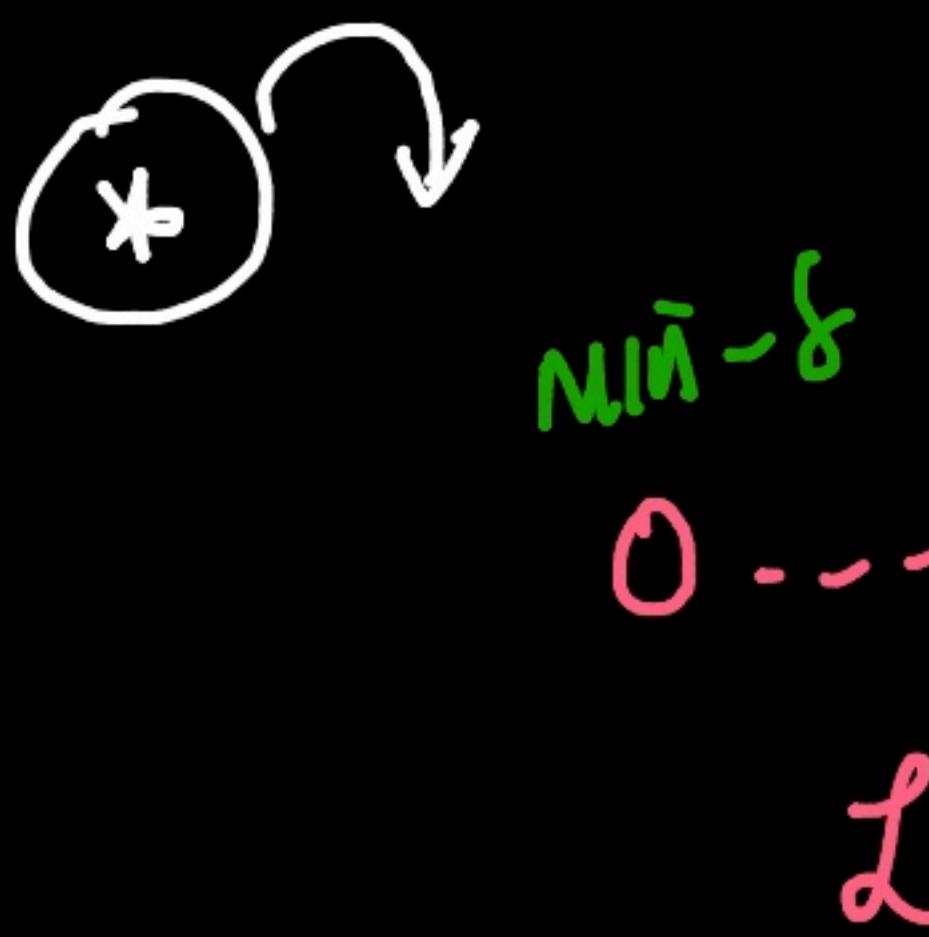
- ✓ Frequency → # orders by cust in 12 months
- 0, 1, ..., 10, ...
 H → 1, 2, 3, 4, ...
 L → 0, 1, 2, 3, 4, ...

- ✓ Monetary → Total spent by the cust in 12 months
- 0, 1, ...
 feature Engg
- Integers

Recency:
(1-5)
low high

0, 1, 2, 3, 4, - - - - -
lowest Δp -values
↓
5

highest Δp -values
↓
1



xpt +
percentile
↓
scale independent

Alt: Manually set, business specific thresholds

✓ R: L, M, H | 2 3
F: L, M, H }
M: L, M, H }

→ 27

Segments
~~2~~

1 Million

In general:
~~(Convention)~~

lowest highest
R: 1, 2, 3, 4, 5

F'; 1, 2, 3, 4, 5

M: 1, 2, 3, 4, 5

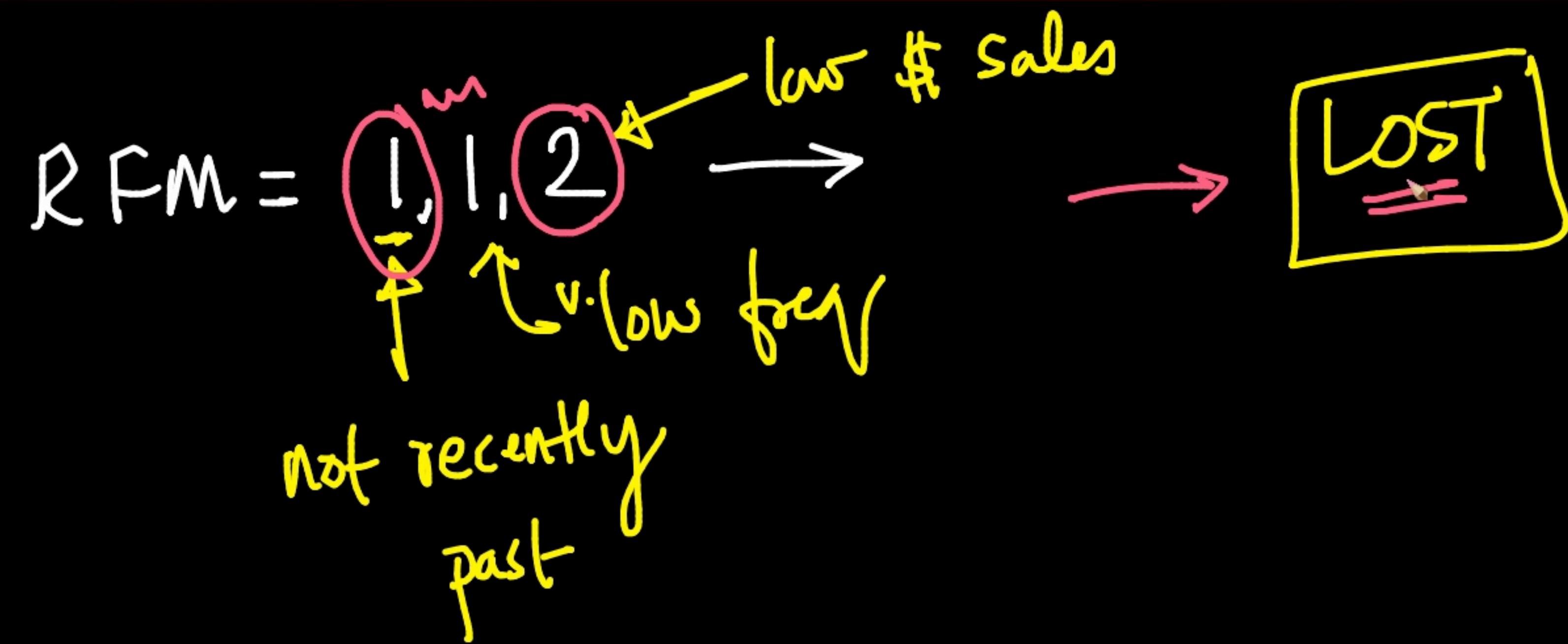
1 \tilde{p}_{10} , \tilde{p}_{40} , \tilde{p}_{60} , \tilde{p}_{80}

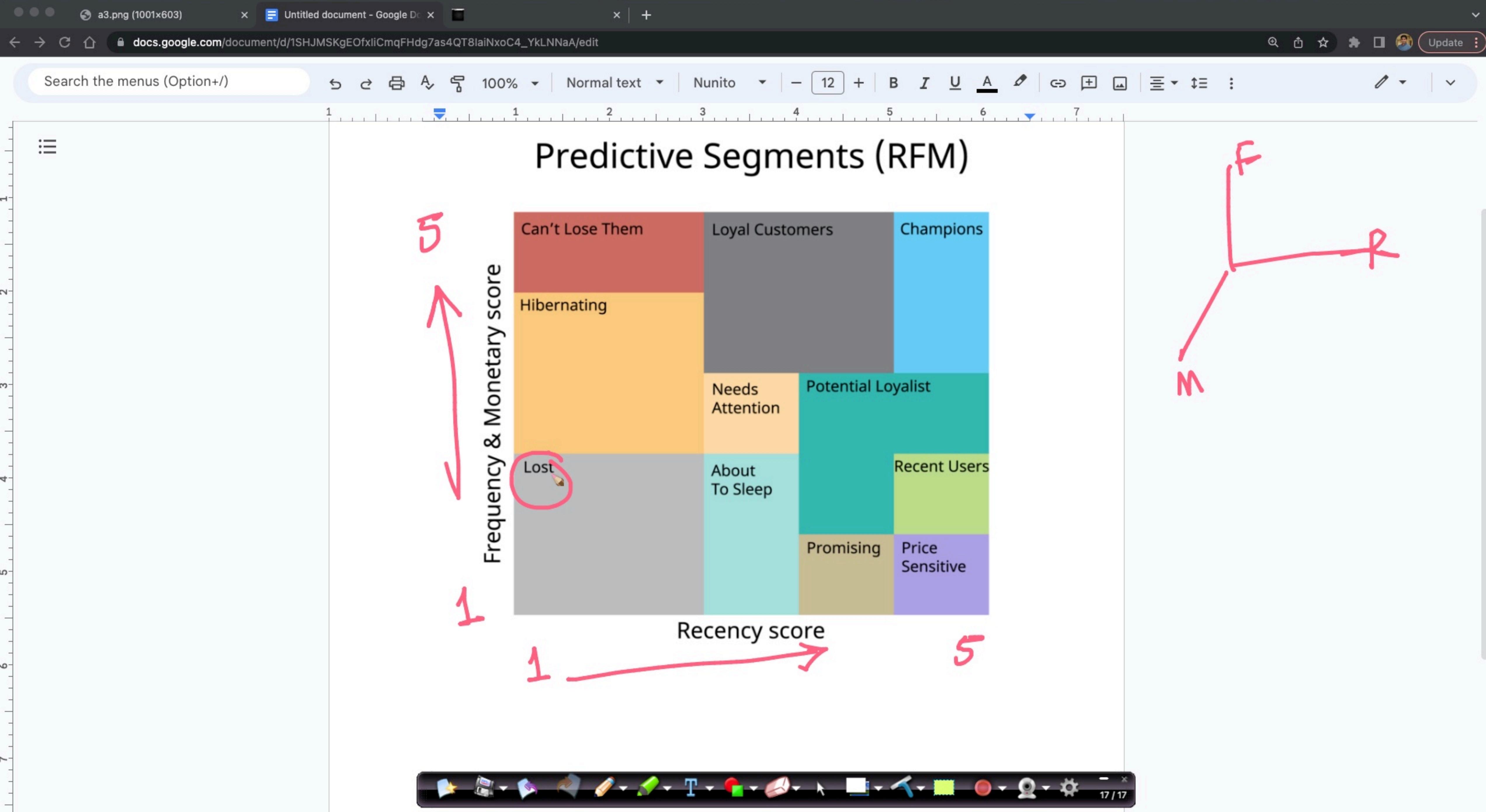
M: 1, 2, 3, 4, 5

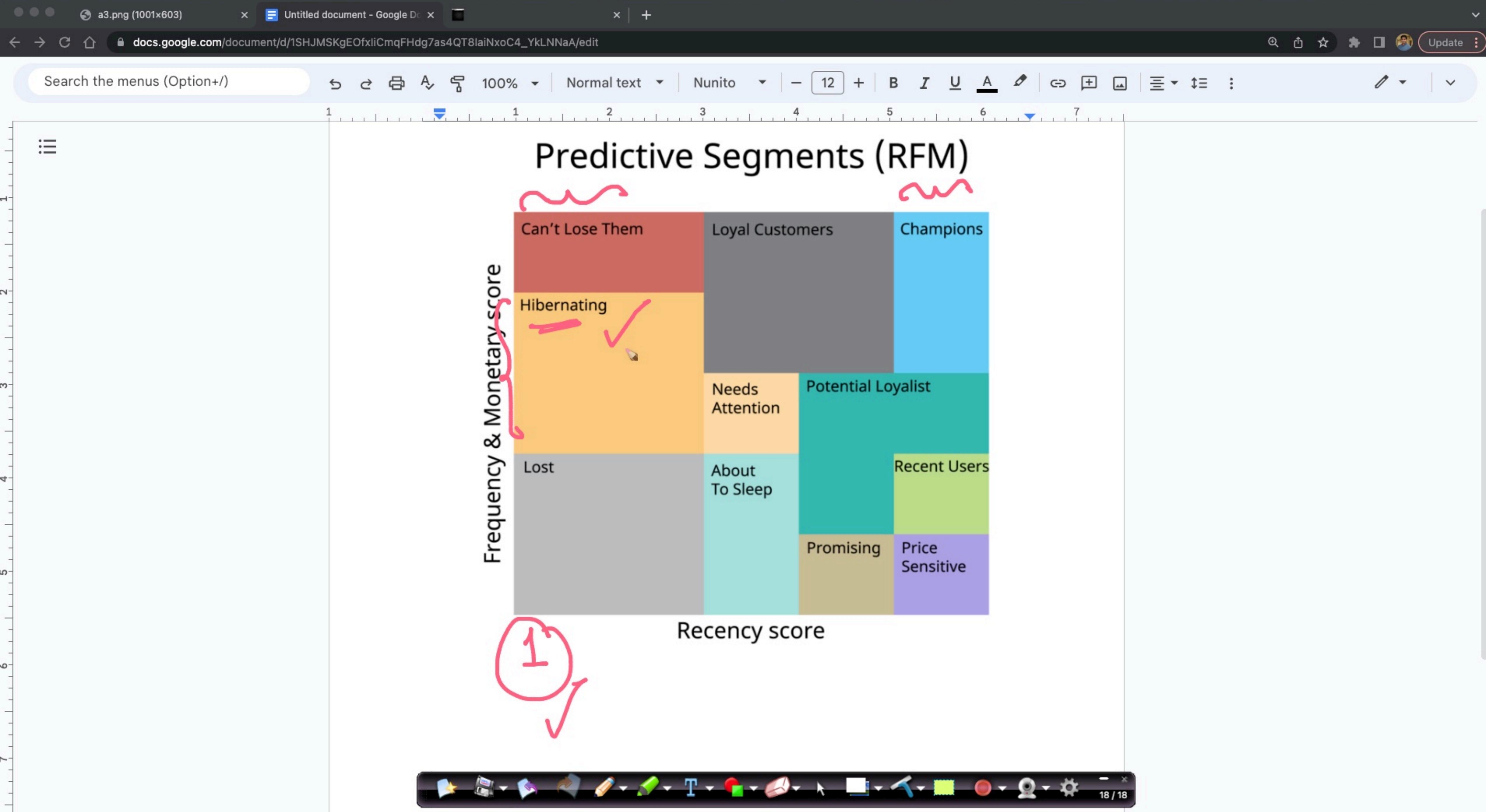
125

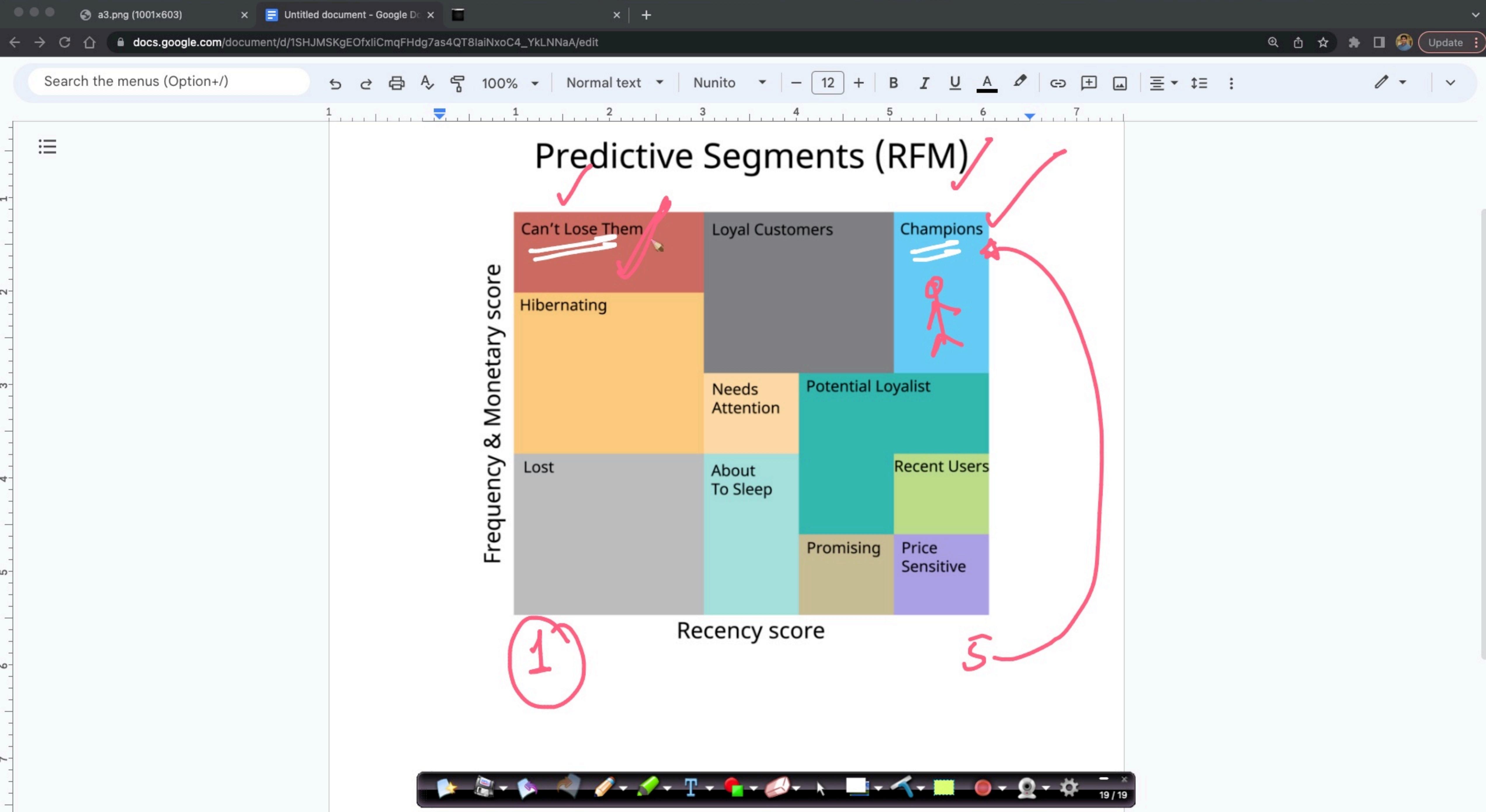
Combinations

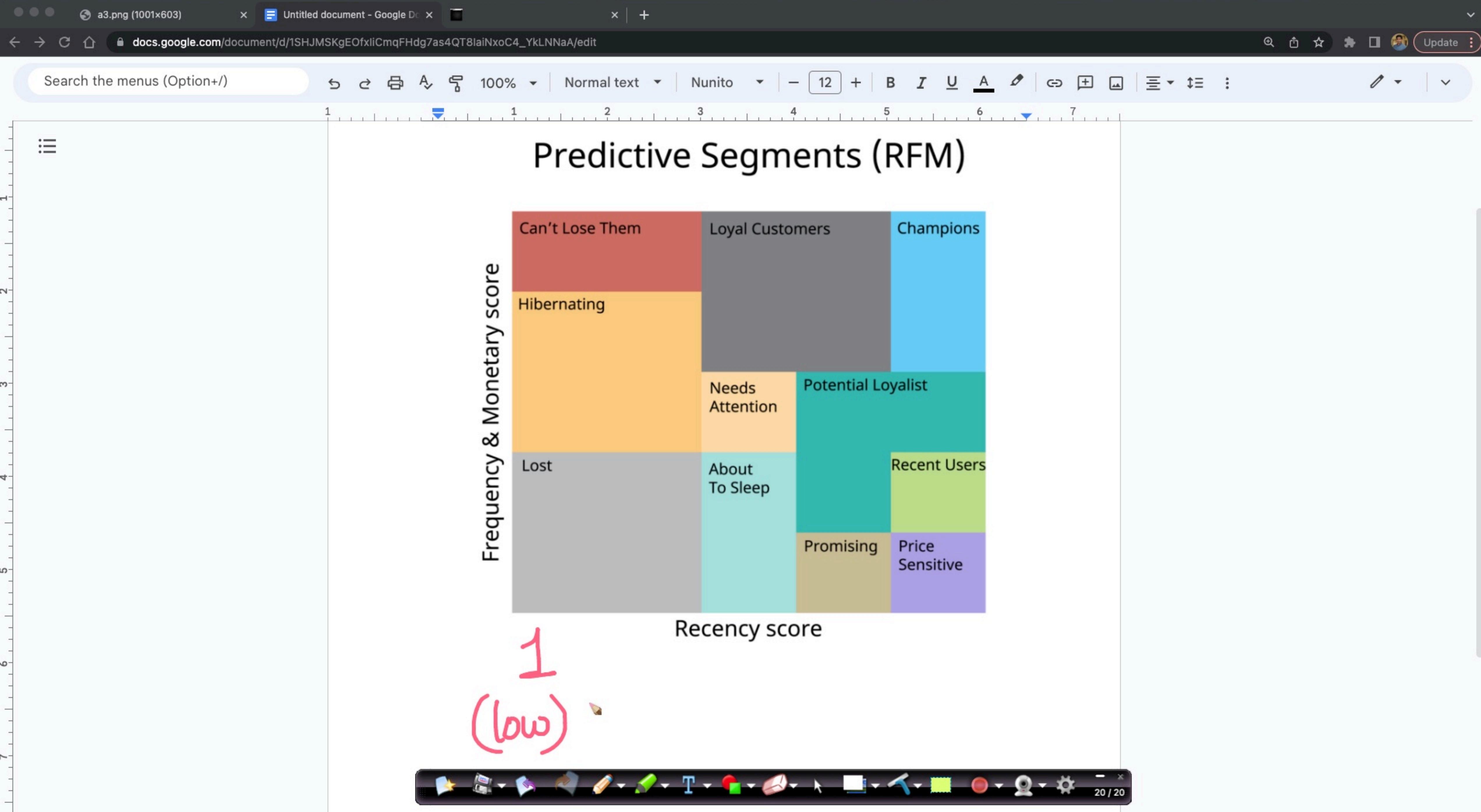
(Q)

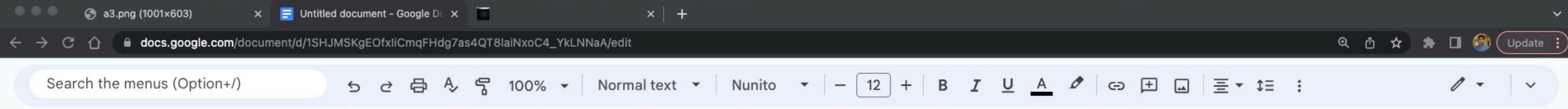


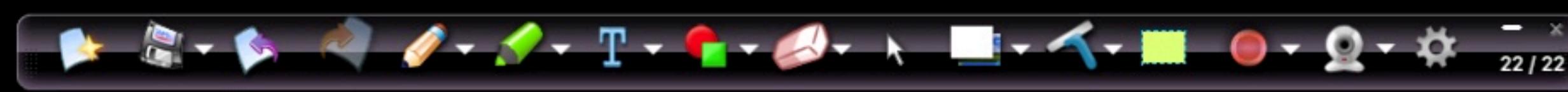


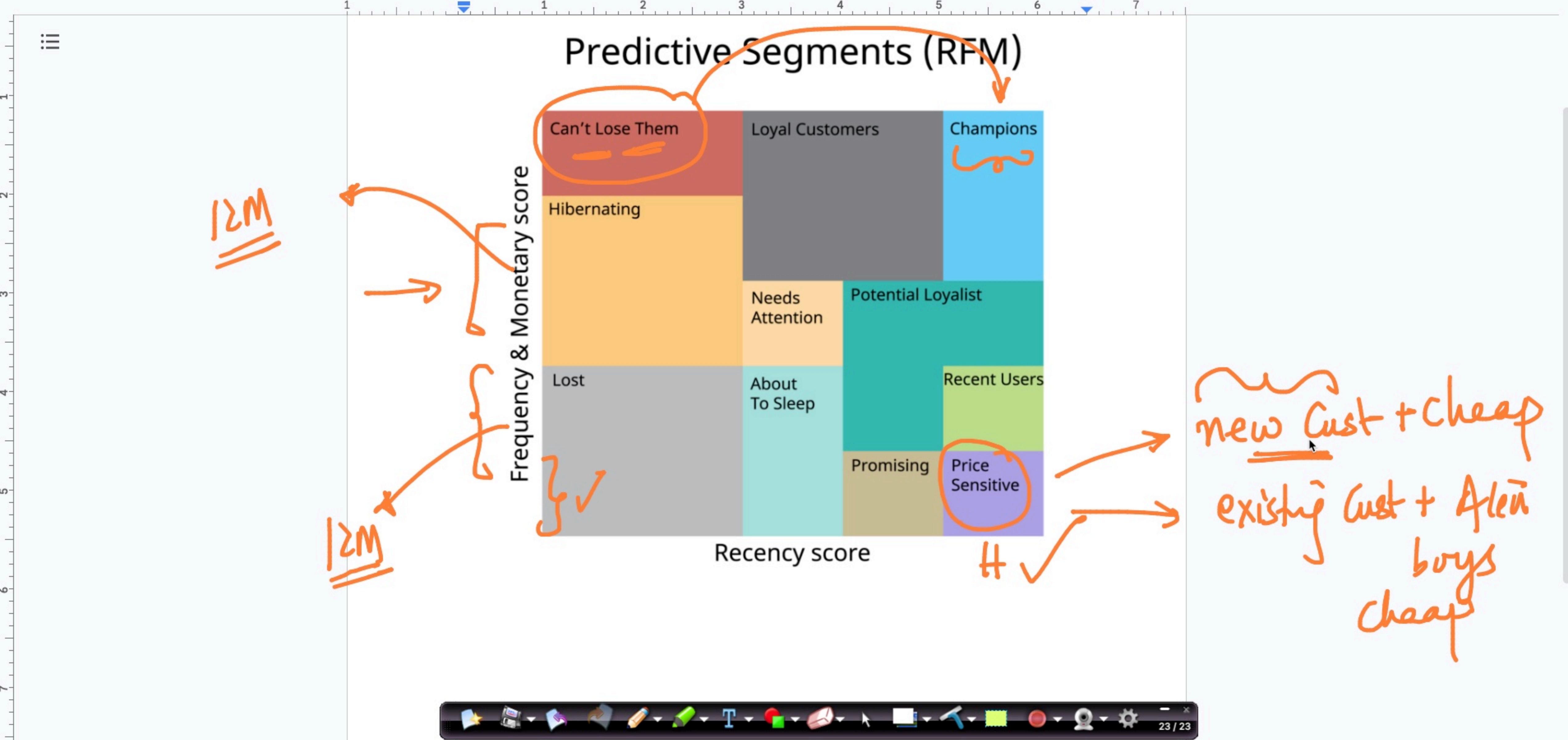
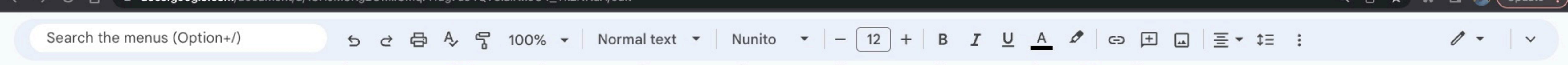


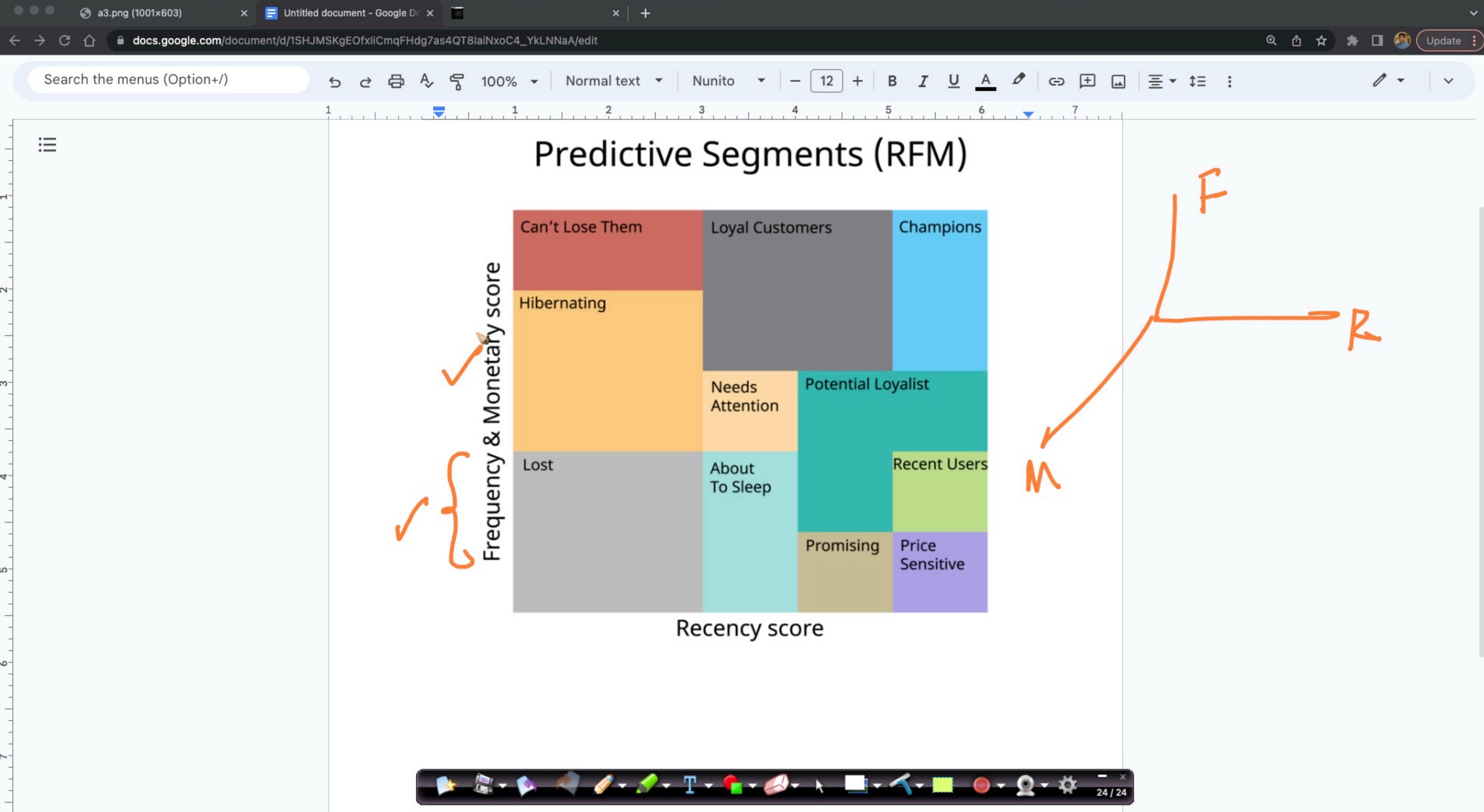












Predictive Segments (RFM)

The diagram illustrates the RFM matrix, a tool for customer segmentation. It consists of a grid where the vertical axis represents the Monetary score and the horizontal axis represents the Recency score.

Vertical Axis (Monetary score):

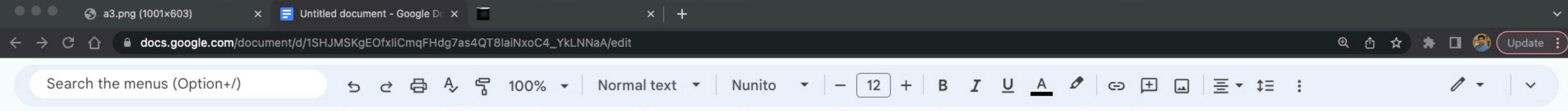
- Row 1: Can't Lose Them (Red)
- Row 2: Hibernating (Yellow)
- Row 3: Needs Attention (Orange)
- Row 4: Lost (Grey)
- Row 5: About To Sleep (Teal)
- Row 6: Promising (Light Brown)
- Row 7: Price Sensitive (Purple)

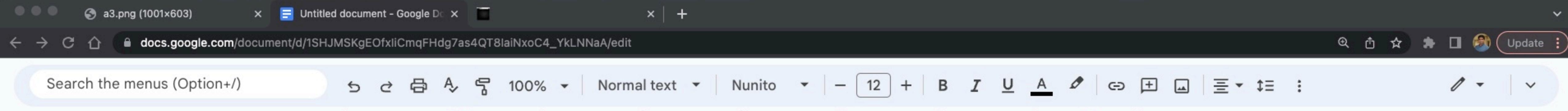
Horizontal Axis (Recency score):

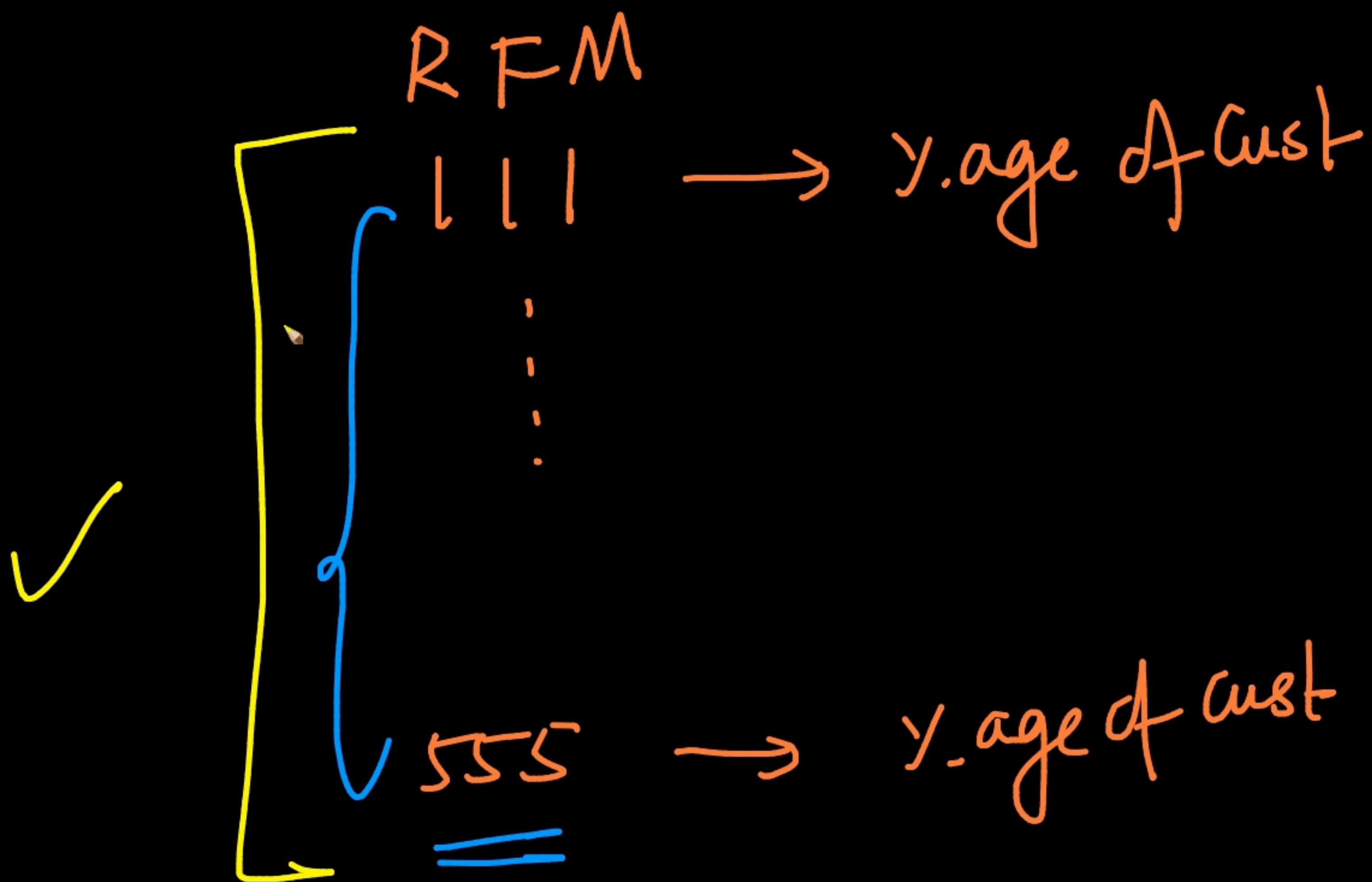
- Column 1: Can't Lose Them (Red)
- Column 2: Loyal Customers (Grey)
- Column 3: Champions (Blue)
- Column 4: Potential Loyalist (Teal)
- Column 5: Recent Users (Green)
- Column 6: Price Sensitive (Purple)

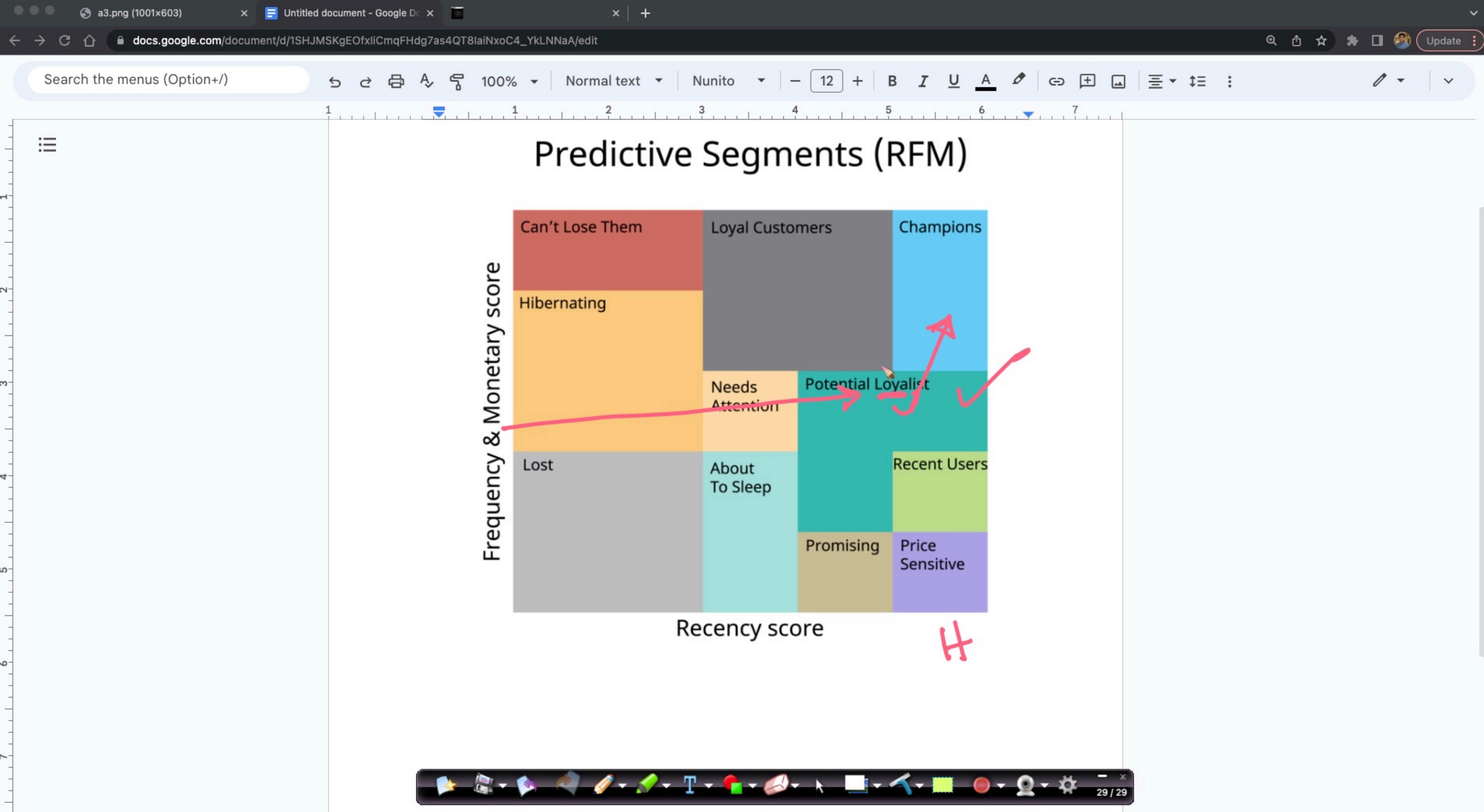
Annotations in orange:

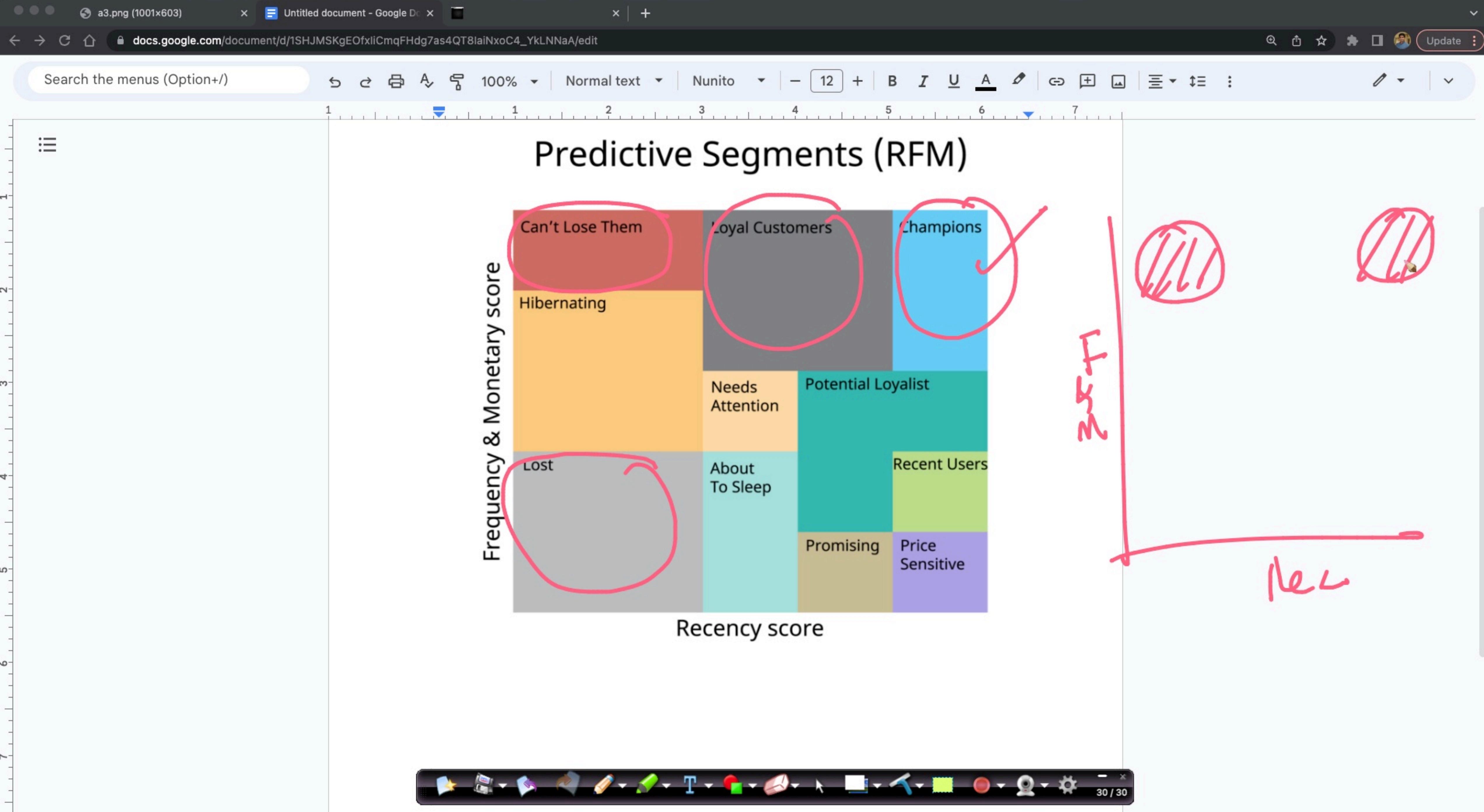
- A large checkmark is drawn in the top-right corner of the "Champions" segment.
- An arrow points from the "Recent Users" segment towards the bottom right, ending with a large handwritten "H".
- Handwritten text on the left side of the chart includes "RFM", "↓ ↓", "5 5", and "4/5".
- Handwritten text on the right side of the chart includes "often", "not very exp...", and "recently".

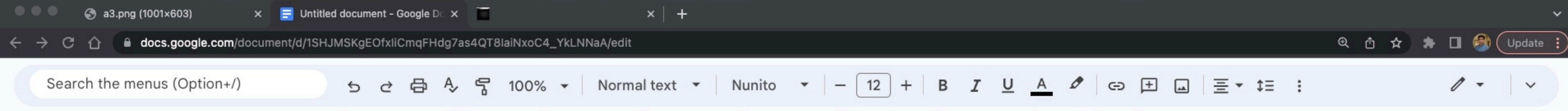


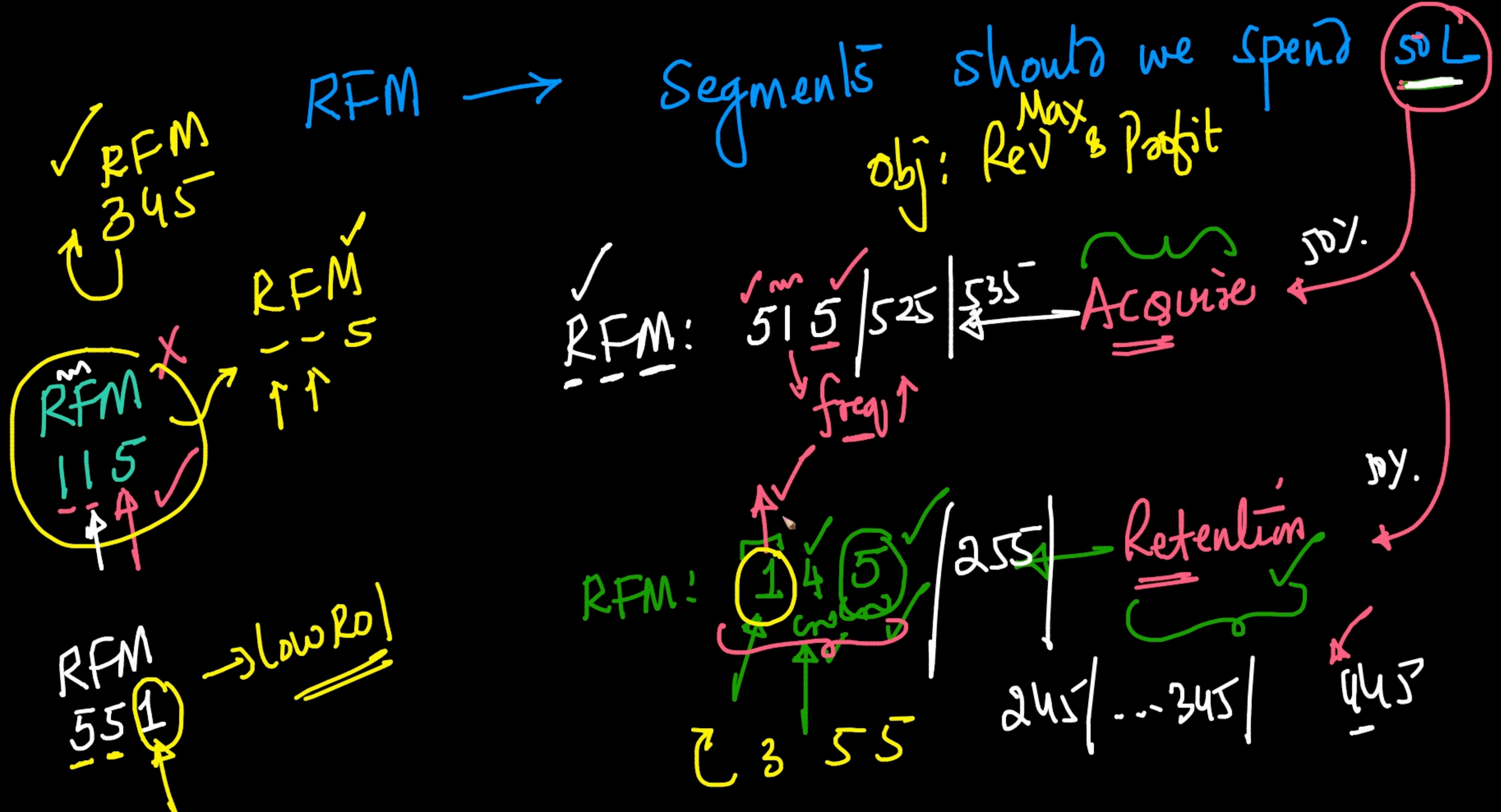












{ RFM →
✓ { 525 - 50K
✓ { 515 - 50K
✓ { 145 - 50K

50L?
1 month

A/B test ✓

ROI = ✓

(Q) Where to open Apple stores → Apple products
↓
Geo

(Q)

lead



Learner

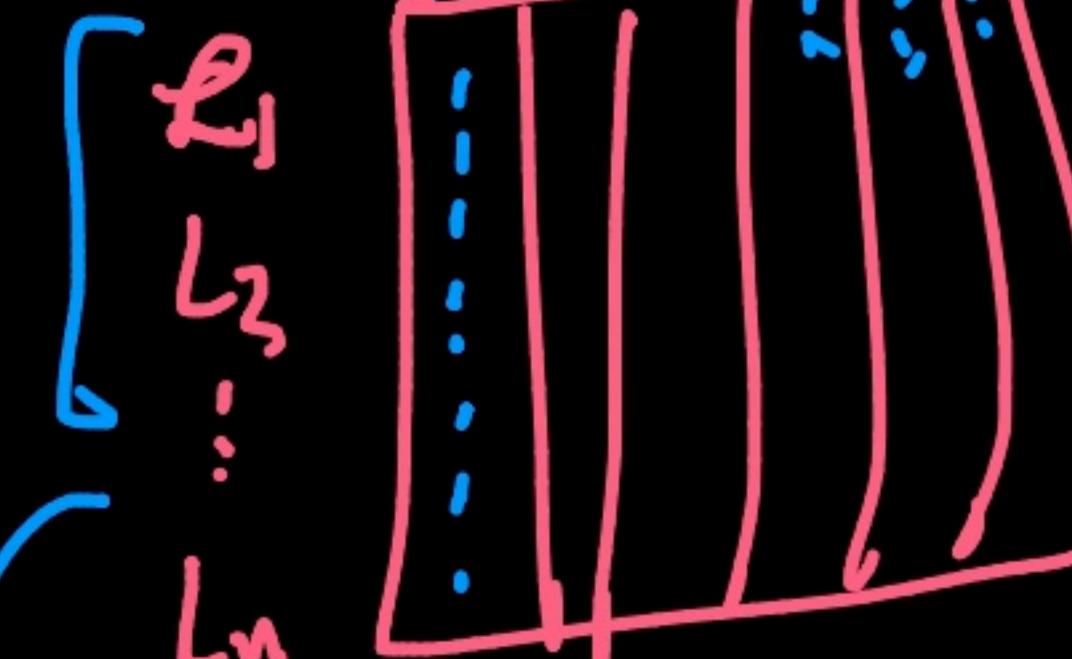


degree: BTech; BSc, BCom

f1 f2 ... RFM

Leave[?]

0/1



feature map

Lead Scoring

P(Learner | features...)

