

Intro	Goal	Dataset	RFM Analysis	K-Means Clustering	Customer Profiles
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CUSTOMER SEGMENTATION

RFM ANALYSIS

UNSUPERVISED MACHINE LEARNING

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KNOW YOUR CUSTOMER

WHAT • divide consumer's into groups with similar characteristics

WHY • understand customer's needs
• design effective and appropriate marketing strategy
• maximize the business value of each customer segment

HOW • RFM segmentation
• K-means clustering



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CONSUMER DATA

Dataset is from **B2C business model** from **FMCG industry**.

Parameters: **2240 rows, 29 columns**

Source: **Kaggle**

Dataset contains data on following data points:

- Demographic (Age, Income, Education, Marital Status, Children)
- Purchases after Promotion
- Purchases with Discount
- Purchase by Category (Wine, Sweet, Meat, Fish, Gold, Fruit)
- Buying Behavior (Recency, Frequency, Monetary)
- Place (offline, online, catalogue purchases)



Presentation

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► RFM Analysis: Customer Segmentation

ASSIGN A SCORE FROM 1 (LOWEST) TO 4 (HIGHEST) TO RFM - REGENCY, FREQUENCY AND MONETARY.

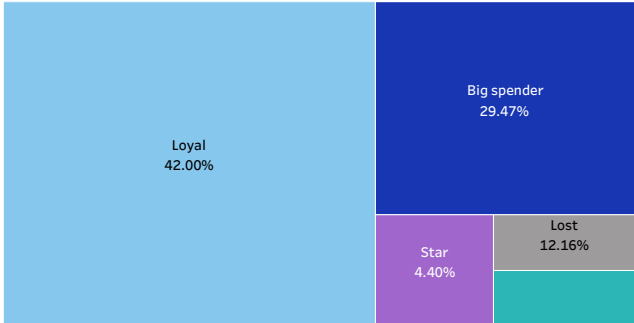
411 for Rookies as our first time buyers

X4X for Loyals as our customers who buy the most often

XX4 for Big Spenders as our most revenue-generating buyers

444 for Stars as our champions across all scores

111 for Lost as the customers we couldn't retain

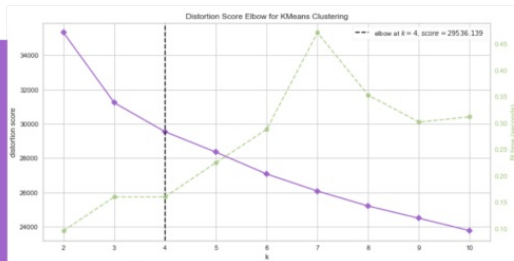


► RFM Triangle



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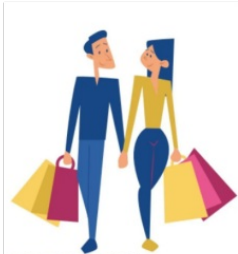
CLUSTERING WITH K-MEANS



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CUSTOMER PROFILES

CLUSTER 0



JORGE & ALICIA

Living **with a partner** and have **no children**.
Consume **wine** the most.
They purchase mostly **in store**, but started to shop online.
No interest in promotions or discounts.

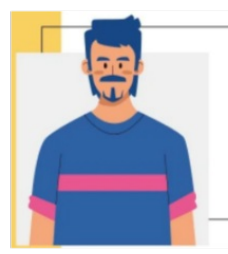
CLUSTER 1



LUCIA

Parent with **3-5 member** family. 2nd highest consumers of **wine**.
Buy mostly **in store**.
React to **discounts** **actively**, but not to promotions.

CLUSTER 2



PABLO

Mostly in their 50s.
Parent with **2-3 fam. member**.
Buy most of the **gold**.
Biggest **online shoppers**, still the majority shops in store.
Biggest cluster for **shopping with discount**.

CLUSTER 3



HUGO

Mostly in their 40s.
Living with a **partner**
Family members **2-3**.
Singles with children as well.
The cluster with **least online shoppers**.
They do **not engage much with discounts**.