

Lab Title: Apply RFM Method to Segment Customer Data

 Duration: 1 hour 30 minutes

 Cost: 5 credits

 Level: Beginner

 AI tools may assist during the lab

 Must be completed on a desktop/laptop

Objective

Use **BigQuery** and **SQL transformation techniques** to apply the **RFM segmentation method** to customer data from *TheLook eCommerce*. This will help the marketing team better target their campaigns based on customer behavior.

Scenario

- The company has grown rapidly, but **customer retention and satisfaction** are declining.
 - You'll work with **Martina**, head of marketing, to:
 - Analyze customer behavior using **Recency**, **Frequency**, and **Monetary value**.
 - Segment customers into:
 - **High-Value Customers**
 - **Loyal Customers**
 - **At-Risk Customers**
 - **Persuable Customers**
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What You'll Do in the Lab

1. **Analyze the dataset** to understand customer purchase behavior.
2. Use the **orders table** to calculate:

- Most recent purchase (Recency)
 - Number of purchases (Frequency)
 - 3. Perform an **inner join** to calculate total spend (Monetary value) for top 10 clients in 2022.
 - 4. Create a **Common Table Expression (CTE)** to organize and consolidate query logic.
 - 5. Apply a **statistical method** to compute RFM scores and segment customers.
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Transformation Techniques Used

- **Aggregation:** Summarize orders per customer.
 - **Joining:** Combine orders and customer data.
 - **Derivation:** Create new metrics (RFM scores).
 - **CTEs:** Structure queries for clarity.
 - **Statistical logic:** Rank and segment customers.
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Tools Required

- **BigQuery:** For data storage and querying.
 - **SQL:** For transformation and analysis.
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Important Setup Notes

- You'll receive **temporary credentials** to access Google Cloud.
 - Use **Incognito mode** to avoid conflicts with personal accounts.
 - Do **not use your personal Google Cloud account** to avoid charges.
 - Once started, the **lab timer cannot be paused**.
 - You have **5 attempts** to complete the lab.
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How to Start the Lab

1. Click **Start Lab**.
2. Use the credentials provided in the **Lab Details panel**.

3. Open the **Google Cloud Console** in Incognito mode.
4. Accept terms, skip recovery options, and avoid free trials.
5. Begin working in BigQuery using the Navigation menu.