

RFM ANALYSIS

DESCRIPTION:

This module covers the concept of RFM (Recency, Frequency, and Monetary Value of Customers), how to categorize or segment customers using RFM analysis, and how different promotional activities may be appropriate for each designated segment. A good precursor to the CLV modules.

Tutorial: 21 slides
Problem Sets: 4 problem sets; 32 questions
Average Time: New Module - Insufficient Data

Sample question from problem set:

Course: Faculty Access (All Modules in Alphabetical Order)

Module: RFM Analysis / Problem Set ID: 1130

Glasgow Electronics manufactures specialized instrumentation equipment for B2B customers globally. They have recently decided to implement RFM Analysis to help characterize their customers to provide guidance to their salespeople when making sales calls to existing customers. They have categorized each customer based on Recency, Frequency, and Monetary Value on a scale of 1-3 where 1 is best value (most recent, highest frequency, highest monetary value). Glasgow attempts to put each customer into one of the following categories - **Core, Loyal, New, Rebuild, and Low Priority** (as used in the tutorial). Here is a sampling of five customers and how they were rated.

| Customer # | Recency Rating | Frequency Rating | Monetary Value Rating |
|------------|----------------|------------------|-----------------------|
| 1107 | 3 | 2 | 3 |
| 3224 | 1 | 1 | 1 |
| 5245 | 1 | 1 | 3 |
| 7213 | 1 | 3 | 2 |
| 9842 | 3 | 2 | 1 |

Which customer is likely to be considered a core customer of Glasgow?:

1. Customer 1107
2. Customer 3224
3. Customer 5245
4. Customer 7213
5. Customer 9842
6. None of the above

  Multiple Choice

PS1 1 2 3 4 5 6

SUBMIT ANSWER

EXIT

Problem Sets 0 4 0 Total Questions 32

