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RFM ANALYSIS

This Tableau Accelerator allows you to **revive your customer base** (*based on marketing actions suggested by an RFM analysis*).

RFM stands for Recency, Frequency, and Monetary value, each corresponding to a key customer trait. These RFM metrics are important indicators of a customer's behavior because frequency and monetary value affects a customer's lifetime value, and recency affects retention, a measure of engagement.

For each determined customer trait (Recency, Frequency and Monetary), **the method assigns a mark from 1 to 5 to each customer (1 is bad, 5 is good)**.

- **Recency:** *When was the last sales transaction with this customer?*
 - Very recently? It's a 5.
 - A long time ago? It's a 1.
- **Frequency:** *How often do we sell to this customer?*
 - Very often? It's a 5.
 - Rarely? It's a 1.
- **Monetary:** *How much did we sell to this customer across its entire lifetime?*
 - High volume? It's a 5.
 - Very low volume? It's a 1.

For each customer, the method then determines an RFM Profile such "555" (obviously your best customers), "543"... "111".

The method then regroups RFM profiles into RFM Segments. Each segment consolidates customers having the same sales characteristics, to whom the method details a recommended marketing action.

Answer key business questions

- How is our customer base segmented?
- What are the recommended marketing actions to address each customer segment?
- Which customers constitute each of our RFM segments?

Monitor and improve KPIs

- **Total Sales:** Total Sales amount (expressed in currency)
- **Active Customers #:** Number of Customers (having a sales transaction)

Required attributes

- Date (*date*): Sales date
- Customer (*string*): Customer name
- **Sales Amount** (*numeric*): Sales amount