

Step-by-Step Guide to Implementing RFM Analysis



One-size-fits-all marketing just doesn't work in today's competitive landscape. RFM Analysis helps you segment customers based on what they do – not just who they are.

FACT 80% of future profits come from just 20% of your customers.

RFM helps you find that 20%.



What is RFM Analysis?

RFM stands for:

- **Recency:** How recently did a customer purchase?
- **Frequency:** How often do they purchase?
- **Monetary:** How much do they spend?

Steps to Implement RFM Analysis

1. Collect the Right Data

Collect data including Customer ID, purchase dates, and transaction amounts.

2. Define RFM Metrics

R = Days since last purchase | F = Number of purchases | M = Total spent

3. Score Each Customer

Typically, assign scores from 1 to 5 for each RFM parameter, with 5 being the highest.

4. Segment Customers

Create a composite RFM score by combining individual scores and segment customers based on their RFM scores.

5. Take Action by Segment

Design specific campaigns for each segment to enhance engagement and conversion.



Common RFM Segments



Champions (555):

Frequent, high-spending, recent buyers



Loyal Customers (4xx-5xx):

Buy often, spend well



At-Risk (x1x-x2x):

Haven't purchased in a while



New Customers (5x1-5x2):

Recent but low spend

Why Brands Love RFM



Target the right people

Increase conversions



Reduce churn

Maximize marketing ROI



Try Customomy – Your AI-native CDP for customer intelligence.

Ready to Get Started?