

Assignment: RFM Analysis 03

Data: RFM NUTRAMIN DATA

The password to open RFM is: GHY-DKW-EW-QP. To do this exercise, you will import the Excel RFM data set and use it to create the RFM codes. Then you will append the Excel campaign data that indicates how many purchases were made by people in each RFM cell. After creating RFM codes and appending sales data and doing the analysis in RFM for Windows, export the results to Excel to sort and analyze the data and answer the questions.

1. Calculate the RFM codes for all customers in the Nutramin database. You should have 125 RFM cells, 5 Recency, 5 Frequency, and 5 Monetary Value. Append the sales data for Campaign 04. Your cost per piece is \$.75, your net revenue per sale is \$14.70, and your full rollout will be 60,000. How much profit gain will there be from targeting just the profitable cells rather than all RFM cells? (Report your answer exactly as it shows up in RFM for windows, .e.g, \$315,680.00)

2. Calculate the RFM codes for all customers in the Nutramin database. You should have 125 RFM cells, 5 Recency, 5 Frequency, and 5 Monetary Value. Append the sales data for Campaign 04. Your cost per piece is \$.75, your net revenue per sale is \$14.70, and your full rollout will be 60,000. What will the response rate be for your most profitable RFM cell? (If the response rate is twenty five percent, report 25.00 as your answer, i.e., report your answer to **two** decimal places.)

3. Calculate the RFM codes for all customers in the Nutramin database. You should have 125 RFM cells, 5 Recency, 5 Frequency, and 5 Monetary Value. Append the sales data for Campaign 04. Your cost per piece is \$.75, your net revenue per sale is \$14.70, and your full rollout will be 60,000. How many RFM cells should you market to in a full rollout? (If the RFM cell is 125, report 125.00 as your answer, i.e., report your answer to **two** decimal places.)

4. Calculate the RFM codes for all customers in the Nutramin database. You should have 125 RFM cells, 5 Recency, 5 Frequency, and 5 Monetary Value. Append the sales data for Campaign 04. Your cost per piece is \$.75, your net revenue per sale is \$14.70, and your full rollout will be 60,000. What would your overall ROI be if you targeted the 10 most attractive RFM cells? (In calculating this value, ignore differences in cell sizes, e.g., the number of subjects in each RFM cell, since the numbers are close to equal in Classic RFM. Report your answer to **two** decimal places.)

5. Calculate the RFM codes for all customers in the Nutramin database. In this case, you should have 5 Recency, 5 Frequency, and 5 Monetary Value groups. Append the sales data for Campaign 07. Your cost per piece is \$.93, your net revenue per sale is \$13.00, and your full rollout will be 275,000. What is the most profitable RFM cell? (If the cell were 422, you would enter 422.00 as your Blackboard answer adding **two** decimal values of 0.)

6. Calculate the RFM codes for all customers in the Nutramin database. In this case, you should have 5 Recency, 5 Frequency, and 5 Monetary Value groups. Append the sales data for Campaign 07. Your cost per piece is \$.93, your net revenue per sale is \$13.00, and your full rollout will be 275,000. What is the least profitable RFM cell? (If there are multiple cells with the same low value, report the cell that has the lowest RFM code, e.g., if 113 and 112 were tied for the lowest value, your Blackboard answer would be 112.00 with the answer taken to **two** decimal places.)

7. Calculate the RFM codes for all customers in the Nutramin database. In this case, you should have 5 Recency, 5 Frequency, and 5 Monetary Value groups. Append the sales data for Campaign 07. Your cost per piece is \$.93, your net revenue per sale is \$13.00, and your full rollout will be 275,000. How many RFM cells should the marketer target in the full rollout judging from the test? (If your answer is 35, you would write 35.00 as your Blackboard answer taking the answer to **two** decimal places.)

8. Calculate the RFM codes for all customers in the Nutramin database. In this case, you should have 5 Recency, 5 Frequency, and 5 Monetary Value groups. Append the sales data for Campaign 07. Your cost per piece is \$.93, your net revenue per sale is \$13.00, and your full rollout will be 275,000. What would the ROI be in this case if the marketers were to mail all RFM cells instead of mailing only to a subset of RFM cells? (Use Excel to calculate the value rather than reporting the value automatically calculated by RFM for Windows since RFM for Windows rounds the value. If your answer is 35, you would write 35.00 as your answer, if .35, you would write 0.35 as your answer to **two** decimal places.)
