

ORDER POWER!

Recency/Frequency/ Monetary Report

User Guide



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ORDER POWER!

Recency/Frequency/Monetary (RFM) report

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ORDER POWER!

Recency/Frequency/Monetary Report

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Recency/Frequency/ Monetary Report

The *Recency/Frequency/Monetary* (RFM) report provides a synopsis of your customers' buying activity. The RFM report tells you when your customers last bought (recency), how many times they bought (frequency), and how much money they have spent (monetary value) over a specific time period.

For example, Fred Majors has placed three orders since he was added to the company's mailing list of customers. His first order was placed 1 year ago and totaled \$10.00. The second order for Mr. Majors was taken four months ago, and amounted to \$15.00. His last, and most recent, order was placed just three days ago for merchandise totaling \$20.00.

To determine recency, **ORDER POWER!** selects the most recent order; therefore, Fred Majors' *recency* value is determined to be three days. Since Mr. Majors placed more than one order, he is automatically classified as a repeat or "multiple" buyer rather than a one-time or "single" buyer; this is his *frequency*. Finally, Fred's *monetary* value is determined by calculating the merchandise total for *all* of his orders. Since his three orders together totaled \$45.00, the monetary value is 45.

The *Recency/Frequency/Monetary* report provides the ability to segment your customer base in at least 48 segments, thus showing who the most active, and inactive, customers are. Some potential benefits from running the RFM report are as follows:

- By matching the top-performing customers against SIC codes, you can determine which industries are better prospects than others.
- By matching geographic locations, you can determine where your best customers are located.
- By matching a model of your best customers against mailing list buyers, you can target individuals with similar qualities as your best buyers.
- A marketing program can be directed specifically to your most active, or even inactive customers, and the buying patterns from a specific promotion can be tracked.

The *Recency/Frequency/Monetary Report* can also print labels and/or assign a **Media Code** either for individual cells, or for the entire customer base.

This report creates a grid that displays the number of customers who have last purchased in a specific time period (recency), totaling a specific dollar amount (monetary) broken down into 24 separate categories. These customers are further classified as one-time or multiple-time buyers. The monetary categories and periods of recency required to create the segmentation are user-definable.

The report criteria for the **Recency/Frequency/Monetary Report** are defined in three panels. The first panel, the *RFM Report customer/order selection panel* (figure 1), defines which customers (and orders) to select for the report. The second panel, the *RFM Report Date and Dollar range panel* (figure 2) defines the monetary ranges and recency periods to be covered by the report. The third, the *Mail List Label Print panel* (figure 6) displays label information and will only be presented when labels are to be printed.

To define the RFM Report

From the **ORDER POWER! Main Menu**, select: **Reporting** **Recency/Frequency/Monetary Report** to display the *RFM Report customer/order selection panel* (figure 1).

Computer Solutions, Inc. Recency/Frequency/Monetary Report			
Credit Memos.....	2	1=Include	2=Omit
Purged Orders.....	2	1=Include	2=Omit
Deleted Customers	2	1=Include	2=Omit
Customer Class.....	2	1=All	2=Select
Customer Type.....	1	1=All	2=Select
Customer Region.....	1	1=All	2=Select
Original Media.....	1	1=All	2=Select
Country.....	1	1=All	2=Select
State.....	1	1=All	2=Select
Zip Code.....	1	1=All	2=Select
Product Group.....	1	1=All	2=Select
Use Current Printer Defaults	Y	Y/N	
Submit to Batch.....	N	Y/N	
Save Changes.....	N	Y/N	

F1=Help F3=Exit F12=Cancel

RFM Report customer/order selection panel (figure 1)

2. Complete these fields:

Credit Memos

- 1 include Credit Memos
- 2 omit Credit Memos

Purged Orders

- 1 include purged orders
- 2 omit purged orders

Deleted Customers

- 1 include deleted customers
- 2 omit deleted customers

Customer Class

- 1=All all Customer Classes
- 2=Select display the *Customer Class* selection window to allow you select from a list of **Customer Classes**

Customer Type

- 1=All all **Customer Types**
- 2=Select display the **Customer Type** selection window to allow you select from a list of **Customer Types**

Customer Region

- 1=All all **Customer regions**
- 2=Select display the *Customer region* selection window to allow you select from a list of **Customer regions**

Original Media

- 1=All all **Media**
- 2=Select display the *Media* selection window to allow you select from a list of **Media**

Country

- 1=All all **Countries**
- 2=Select display the *Country* selection window to allow you select from a list of **Countries**.

State

- 1=All all **States**
- 2=Select display the *State* selection window to allow you select from a list of **States**.

Zip Code

- 1=All all **Zip Codes**
- 2=Select display the *Zip Code* selection window to allow you select from a list of **Zip Codes**.

Use Current Printer Defaults

Type a code to indicate whether to change the existing printer defaults for the current report

- Y (yes) accept the existing printer defaults
- N (no) display the *Printer Defaults panel* to make changes the current printer defaults

Submit to Batch

Type a code to indicate whether the report should be submitted to a job queue to process behind the scenes in batch mode and immediately free up your terminal or run the report interactively which locks the terminal until the report has completed.

- Y (yes) indicates that the report will be submitted as a batch job
- N (no) indicates that the report will be run interactively

Save Changes

Type **Y** or **N** to indicate whether any changes made to the defaults for the current report should be applied to all subsequent printings of **that report**. This eliminates redundant data entry.

- Y (yes) save changes
- N (no) use print defaults this time only

3. Press **Enter**. If you choose the select option on any of the fields, the corresponding windows appear. Press **Enter** after making your selections in each window.

When you have completed the last selection window, the *RFM Report Date and Dollar range panel* (figure 2) appears.

Computer Solutions, Inc.				
Recency/Frequency/Monetary Report				
Lifetime Monetary Value Begins:				
	0	100	200	300
Recency (Days)	Period Begins	Period Ends		
<u>200</u>	8/28/98	3/15/99		
<u>400</u>	2/09/98	8/27/98		
<u>600</u>	7/24/97	2/08/98		
<u>800</u>	1/05/97	7/23/97		
<u>1000</u>	6/19/96	1/04/97		
<u>1200</u>	12/02/95	6/18/96		
Select Names For Label Print...	<u>N</u>	Y/N		
Assign Media Codes.....	<u>Y</u>	Y/N		
Save Changes.....	<u>N</u>	Y/N		
				(If Select = "N" and Assign = "Y", Only Report is Generated)
F1=Help F3=Exit F12=Cancel				

RFM Report Date and Dollar range panel (figure 2)

This panel allows you to define a grid, the *RFM Report segment selection panel* (figure 3) which displays the number of customers who have last purchased in a specific time period (**Recency**), totaling a specific dollar amount (**Monetary**) broken down into 24 separate categories. These customers are further classified as one-time or multiple-time buyers (**Frequency**). The *Recency/Frequency/Monetary Report* can also print labels or assign **Media Codes** either for individual cells, or for the entire customer base.

4. Complete these fields:

Lifetime Monetary Value Begins (columns 1 - 4)

Type an amount in these fields to define ranges of total lifetime orders (per customer, in dollars). Each range identifies a column in the segmentation grid. Customers will be classified according to the *average cost of all their orders* since placing their first order.

The amounts entered in columns 1-4 define four monetary (dollar) ranges the on the *RFM Report*. **ORDER POWER!** requires an amount in all four column prompts; although the first column entry can be 0 (\$0.00).

ORDER POWER! uses each amount to define a dollar range, beginning with the specified dollar amount and ending with the next dollar entry minus one cent. The last column range will always be defined and used to tally all orders for dollar amounts in excess (+) of the final entry.

The default column amounts are: 0, 100, 200, 300. If you accept these default entries, they define the monetary ranges below:

Column #	Monetary Value (beginning at...)	Resulting Report Range
1	0	0.00 - 99.99
2	100	100.00 - 199.99

Column #	Monetary Value (beginning at...)	Resulting Report Range
3	200	200.00 - 299.99
4	300	300.00 +

Recency Days (rows 1 - 6)

Type a time period (in days, prior to the current date) to define the recency (amount of time) since a customer last ordered. **ORDER POWER!** uses the values entered for rows 1-6 to define six date ranges the on the *RFM Report*.

ORDER POWER! requires a value in all six row prompts. The entry cannot be zero or blank. Each subsequent entry must be greater than the previous value. **ORDER POWER!** will then convert each single entry into a range of calendar dates. The first range of dates will *always* end with the current date since the report analyzes a customer's order history beginning with the present (report) date.

The default the row entries are: 200, 400, 600, 800, 1000, and 1200. These values represent an approximate six month time period. If you accept these default entries, they define date ranges below for a report run on 3/16/99:

Recency (Row)	Number of days (past)	Resulting Report Range (in days)
1	200	8/29/98 - 3/16/99
2	400	2/10/98 - 8/28/98
3	600	7/25/97 - 2/09/98
4	800	1/06/97 - 7/24/97
5	1000	6/20/96 - 1/05/97
6	1200	12/03/95 - 6/19/96

Note that the date ranges do not overlap. For example, the *second* recency period covers a four hundred day range or approximately one year. However, only customers that have ordered 201 to 400 days ago will be tallied for this period cell. The customers who placed order(s) within the past six months (today to 200 days ago) would be tallied in the first period cell. Therefore, the *total* of recency cell 1 *and* 2 represents the total number of customers that ordered within the last *year* (400 days).

- When you finish defining the columns and rows, press **Enter** to display the *RFM Report segment selection panel* (figure 3).

Computer Solutions, Inc. Recency/Frequency/Monetary Report								
Recency (Days)	300 +		200 -		100 -		.01 -	
	Multi- Cell#	Single Cell#	Multiple Cell#	Single Cell#	Multiple Cell#	Single Cell#	Multiple Cell#	Single Cell#
200	1	2	3	4	5	6	7	8
400	9	10	11	12	13	14	15	16
600	17	18	19	20	21	22	23	24
800	25	26	27	28	29	30	31	32
1000	33	34	35	36	37	38	39	40
1200	41	42	43	44	45	46	47	48

Select Cells to Print
7 8

F1=Help F3=Exit F12=Cancel F24=Print All

RFM Report segment selection panel (figure 3)

The grid reflects the columns and rows you defined on the previous screen. Each cell (numbered 1 through 48) represents a segment of your mailing list. For example, cell 7 represents all buyers who have made multiple purchases, averaging under \$100 in the past 200 days.

6. Complete these fields:

Select Cells to Print

Type the numbers of the cells that represent segments you want included in the report.

7. When you have selected the cells you want, press **Enter** to display the *RFM Report Media selection panel* (figure 4). This displays the segments you selected by cell number on the previous panel.

Computer Solutions, Inc. Recency/Frequency/Monetary Report						
Cell	Single/ Multi	Recency Days	Lifetime Monetary	-----Frequency----- Range of Orders		?Media Code
7	M	200	.01 - 99.99	2	3	M100A
				4	999999999	M100B
8	S	400	100 - 199.99		1	M1

F1=Help F3=Exit F4=?List F7=Bkwd F8=Fwd F10=Top F12=Cancel F18=Bottom

Bottom

RFM Report Media selection panel (figure 4)

- Complete these fields:

Range of Orders

Type the lower and upper limits of a range that represents the number of orders received from a specific customer during the defined recency period. (This applies to multi-purchasers only, since the number of orders for a single purchase is by definition, one.)

?Media Code

Type a **Media Code** that you want to assign to any particular segment.

- Press **Enter**. If you typed N (no) in the **Select Names for Label Print** field on the *RFM Report Date and Dollar range panel (figure 2)*, **ORDER POWER!** generates the report (see page 11).

To print labels from the RFM Report

If you typed Y (yes) in the **Select Names for Label Print** field on the *RFM Report Date and Dollar range panel (figure 2)*, **ORDER POWER!** displays the *RFM Report Label Print Confirmation window (figure 5)* after you define the report (see the previous section).

Computer Solutions, Inc. Recency/Frequency/Monetary Report						
Cell	Single/ Multi	Recency Days	Lifetime Monetary		-----Frequency----- Range of Orders	?Media Code
7	M	200	.01 -	99.99	2 3 4 999999999	M100A M100B
8	S	400	100 -	199.99		M1

Delete Old Data if it Exists.. Y Y/N
 Call for Label Print..... Y Y/N
 F1=Help F3=Exit F12=Cancel

F1=Help F3=Exit F4=?List

RFM Report Label Print Confirmation window (figure 5)

- Complete these fields:

Delete Old Data if it Exists

Type a code to indicate whether to clear (or reinitialize) the customer mail list label print file.

Y (yes) clear the work file, if it already exists

N (no) leave the existing work file intact and append the customer information extracted for this report to the current file

Call for Label Print

Type a code to indicate whether to print labels along with the **RFM Report**.

Y (yes) print the labels with the report. The Mail List Label Print screen displays to prompt for the additional printer formatting information.

N (no) create (or update) the mailing list label work file with the new customer information but not print the labels now. You can print the labels can be printed at a later date from the **Print Labels** function from the **Mailing List Maintenance** menu.

2. Press **Enter**. If you typed N (no) in the **Call for Label Print** field, **ORDER POWER!** generates the report (see page 11).

If you typed Y (yes) in the **Call for Label Print** field, **ORDER POWER!** displays the *Mail List Label Print panel* (figure 6).

Computer Solutions, Inc. Mail List Label Print		
?Media not assigned (Label Sel)	<u>*ORIGINAL</u>	*Original, Name
Label Information.....		
Labels Across.....	<u>2</u>	1=One 2=Two 3=Three 4=Four
Label Width.....	<u>1</u>	1=3 3/16" 2=3.5"
Label Type.....	<u>1</u>	1=MailSel 2=Catareq
Nth Selection Fraction.....	<u>1</u>	1-999
Out of.....	<u>1</u>	1-999
Delete New Data After Printing..	<u>Y</u>	Y/N
Is this a Re-print.....	<u>N</u>	Y/N
Print Labels.....	<u>Y</u>	Y/N
Save to File QGPL/WMLTAP.....	<u>N</u>	Y/N
Clear File Before Save....	<u>Y</u>	Y/N
Use Current Printer Defaults....	<u>Y</u>	Y/N
Submit to Batch.....	<u>N</u>	Y/N
Save Changes.....	<u>N</u>	Y/N
F1=Help F3=Exit F12=Cancel		

Mail List Label Print panel (figure 6)

3. Complete these fields:

Media not assigned (Label Sel)

Type a code to indicate whether to assign a **Media Code** for any customer not assigned a current media code.

Label Information

Type any free-formatted text that you want printed on the label.

Labels Across

Type the number of labels (names) to print across a page. One to four labels can be printed across a page.

Label Width

Type the width of each mailing label will be. **ORDER POWER!** can print labels either 3 3/16" or 3 1/2" wide.

Label Type

Label type indicates whether the labels are being generated to fulfill catalog requests or a mass mailing and determines how the selected Mail List customer records will be updated.

1=CATAREQ generate labels for any customer who has never been mailed a catalog.

2=MAILSEL create labels for customers who have received prior mailings.

Nth Selection Fraction

Out of

Type a number between 1 and 999. These two fields combined result in a random selection or sampling of the customer base. For example, a company might wish to target every third customer out of each group of ten customers selected. Therefore, the operator would enter a "3" at the *Nth Selection* prompt and a "10" at the *Out of* prompt.

Delete New Data after Printing

Type **Y** or **N** to indicate whether the names selected (and stored) in the label print work file should be removed after printing has been completed.

Y (yes) erase the customer information from the work file

N (no) retain the selections in the work file, allowing additional names to be appended to the existing file for subsequent label printing runs

Is this a Re-print

Type **Y** or **N** to indicate if same labels were printed previously; therefore, the existing selection criteria and/or work file may still be available. This eliminates the need to search the database files again.

Print Labels

Type **Y** or **N** to indicate whether the labels are to be printed immediately or the work file will be saved and used to print the labels at some later date.

Save to QGPL/WMLTAP

Type **Y** or **N** to indicate whether to save the label work file to a tape file for backup or subsequent print runs.

Clear File before Save

Type **Y** or **N** to indicate whether to clear the tape file of any old data and initialize it prior to storing the new label work file.

Use Current Printer Defaults

Type a code to indicate whether to change the existing printer defaults for the current report

Y (yes) accept the existing printer defaults

N (no) display the *Printer Defaults panel* to make changes the current printer defaults

Submit to Batch

Type a code to indicate whether the report should be submitted to a job queue to process behind the scenes in batch mode and immediately free up your terminal or run the report interactively which locks the terminal until the report has completed.

Y (yes) indicates that the report will be submitted as a batch job

N (no) indicates that the report will be run interactively

Save Changes

Type **Y** or **N** to indicate whether any changes made to the defaults for the current report should be applied to all subsequent printings of *that report*. This eliminates redundant data entry.

Y (yes) save changes

N (no) use print defaults this time only

4. Press **Enter** to generate the report (see page 11).

Recency/Frequency/Monetary Report by Media Code

User: CSIUSER		COMPUTER SOLUTIONS, INC.		Page: 1		
Wsid: DSP108S1		Recency/Frequency/Monetary By Media Code		Date: 3/19/99		
Prog: RT010202		Purged Orders: *OMIT		Time: 14:37:52		
Credit Memos: *OMIT		Customer Type: *ALL		Zip Code: *ALL		
Deleted Customers: *OMIT		Original Media: *ALL		State: *ALL		
Customer Region: *ALL		Frequency Range		Product Group: *ALL		
Single/ Recency		--From-- --To--		Assign Media Codes: *YES		
LifETIME		Media Code		Selected		
Monetary		M100A		Previously		
7	M	200	99.99	2	3	10
7	M	200	.01-	4	9,999	15
8	S	200	.01-		1	1
		Totals				26
User: CSIUSER		COMPUTER SOLUTIONS, INC.		Page: 1		

Recency/Frequency/Monetary Report

User: CSIUSER		COMPUTER SOLUTIONS, INC.										Page: 1
Wsid: DSP108S1		Recency/Frequency/Monetary Report		Customer Class: *SELECT		Zip Code: *ALL		Date: 3/19/99		Time: 14:37:52		
Prog: RT01020		Purged Orders: *OMIT		Country: *ALL		State: *ALL		Product Group: *ALL				
Credit Memos: *OMIT		Customer Type: *ALL		200.00 - 299.99		100.00 - 199.99		.01 - 99.99				
Deleted Customers: *OMIT		Original Media: *ALL		Multiple		Single		Multiple		Single		
Customer Region: *ALL		300.00+		Multiple		Single		Multiple		Single		
Recency Period	Period	Multiple	Single	Multiple	Single	Multiple	Single	Multiple	Single	Multiple	Single	
200	9/01/98 3/19/99	2	6			1				25	1	
400	2/13/98 8/31/98	3	3									
600	7/28/97 2/12/98	6	5	8		15						
800	1/09/97 7/27/97	2	7									
1000	6/23/96 1/08/97	1	10									
1200	12/06/95 6/22/96	1	3									
Total:		15	34	8		16				25	1	