

SEGMENTATION STRATEGY OF CONSUMER INTEREST IN CONTEMPORARY COFFEE SHOP USING RFM MODEL

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ABSTRACT

Increase customer loyalty by grouping customers into several groups and determining appropriate and effective marketing strategies for each group. Customer segmentation can be done through the clustering method. This research aims to analyze customer Recency, Frequency and Monetary (RFM) from the segmentation results of 5 contemporary coffee shops, namely Janji Jiwa, Kopi Kenangan, Tomoro Coffee, Fore Coffee, and Fami Cafe, from Persona Analysis Research and segmentation of consumer interest in contemporary coffee shops. Previously it could be summarized that cluster 3 or potential customers were the targets of the research by implementing appropriate marketing strategies based on the characteristics and profiles of the respondents. This cluster consists of 31 respondents, most of whom are women aged 24-28 years with a bachelor's degree and work as private employees in Jakarta. Interestingly, cluster 3 is divided between coffee fans and those who don't like coffee. Respondents in this study tended to prefer Tomoro Coffee, while those who didn't like coffee preferred Fami Cafe. In cluster 3, there are 29 people who are active Instagram users. The analysis used includes descriptive analysis where the data used is primary data. The data collection technique used is the observation method and distributing questionnaires to customers who are in cluster 3. The results of the research show that based on the results of the revenue segmentation analysis for the Tomoro Coffee and Fami Cafe coffee shops, it can be concluded that customers in cluster 3 consist of 3 segments. namely recency 3 which consists of 16 active customers who are very loyal and faithful. The strategy to retain these customers is by personalizing customer data to understand product/service shortcomings and knowing customer individual preference needs in order to attract them back.

Keywords: Frequency, Monetary, Recency.

INTRODUCTION

In recent years, the contemporary coffee phenomenon has become the center of attention for coffee lovers throughout the world. Current coffee trends not only reflect a shift in the way we view and enjoy coffee, but also indicate a growing appreciation for art and uniqueness in the world of coffee. With the increase in the number of contemporary coffee shops spread across various cities, coffee drinks are no longer just a means of invigoration, but rather a sensory experience that includes taste, aesthetic presentation, and engagement with the coffee community.

Contemporary coffee is not just a drink, but a lifestyle trend that combines innovation in the brewing process, exploration of coffee beans from various regions, and

concern for sustainability. A barista is not just a waiter, but an artist who processes coffee beans into unique tasting works of art. Apart from that, this trend also presents refreshing cold coffee drinks, innovative drink variations, and coffee shop atmospheres designed with modern aesthetics.

One factor in increasing company profits is by increasing product sales. A product will sell if there are consumers or customers who buy it. Consumers will buy a product that is really needed and has benefits for them. When purchasing a product, there are many considerations that consumers must think about.

After considering several things, consumers will decide whether to buy the product or not. This will encourage consumers to take an action called a purchasing decision. A purchasing decision is an action that every consumer will experience when they want to buy. Purchasing decisions can be influenced by various factors, one of which is brand image. In Foster's (2016) research, the results showed that the brand image of a product has a positive influence on purchasing decisions. Based on these results, it can be said that if the brand image of a product is seen as good by consumers, consumer purchases of the product will also increase. Apart from brand image, purchasing decisions are also influenced by price. A company will determine the price of its product so that it can compete with similar products.

In recent years, the development of the food and beverage industry in Indonesia has been very high, especially in the beverage sector, namely coffee. As we know, many coffee shops, both independent and franchised, are established every year. Likewise with "modern" coffee shops which add to the fierce competition in this field with their mainstay menus, namely original coffee with milk and palm sugar. The milk coffee trend started when President Joko Widodo visited a coffee shop, namely Kopi Tuku, in 2017. This went viral and after that many contemporary coffee shops began to appear. Some of them are well known, namely Kopi Kenangan, Kopi Janji Jiwa, Tomoro Coffee, Fore Coffee and Fami Cafe. Kopi Kenangan is becoming known for its unique coffee menu names. One of the mainstay menus is coffee from former memories. This is different with Kopi Kenangan, namely Kopi Janji Jiwa, Tomoro Coffee, Fore Coffee and Fami Cafe which are known for having cheaper prices than their competitors. Apart from that, there is Fore Coffee whose price is slightly higher than Kopi Kenangan, Janji Jiwa, Tomoro Coffee and Fami Cafe, but because of its quality and taste, Fore Coffee is also *onecoffee shop* which is currently in great demand. The five coffee shops have the same mainstay menu, namely iced coffee with milk.

Apart from that, these shops also apply the same service concept, namely on the go, where these shops prioritize selling coffee which is easy to carry during daily activities. These things attract the attention of their consumers, who are mostly young people and make consumers choose to buy coffee at coffee shops that look attractive and suit consumers. Contemporary coffee shops are synonymous with the image of young people, so most of the consumer market is school students, college students, millennial employees and so on.

From research on Persona Analysis and Segmentation of Consumer Interest in contemporary coffee shops, it can be summarized as follows:

1. Cluster 3 or potential customers are the target of this research to implement appropriate marketing strategies based on the characteristics and profiles of the respondents. This cluster consists of 31 respondents, most of whom are women aged 24-28 years with a bachelor's degree and work as private employees in Jakarta. Respondents in cluster 3 actively use social media and have an income of around

2-5 million to 10-15 million. Interestingly, cluster 3 is divided between coffee fans and those who don't like coffee. Despite this, respondents still often dine in at coffee shops, although some occasionally order online food. Respondents in this cluster tend to recommend only 3 of the 5 coffee shop options available. Coffee fans in the cluster tend to favor Kopi Tomoro Coffee, while those who don't like coffee prefer Fami Cafe. The strategy that the author recommends for this cluster is from a product perspective, focusing on coffee variations that accommodate both groups of coffee fans and non-coffee fans by offering alternative drinks or unique blends. And offering discounts or special packages can be an incentive for those with lower incomes, while providing premium options or exclusive packages for those with higher incomes. In the aspect of place, ensuring availability in popular locations in Jakarta and increasing the comfort of seating in coffee shops can increase their interest in "dine in." Promotions can be carried out via social media, by taking advantage of their activeness on social media and focusing on campaigns that highlight recommendations from coffee fans in the cluster, as well as offering exclusive promos for social media users. Then continue to innovate to design a coffee shop with a pleasant and Instagrammable atmosphere to increase the attraction of other customers.

2. The value proposition for contemporary coffee shops is to make an impression *Coffee Vibes* and focuses on providing a unique and unforgettable coffee experience by presenting innovative flavor variants and creative coffee presentations, exploring new flavors and offering premium quality that can be enjoyed by all groups as well as creating a comfortable and comfortable atmosphere. *Instagram-worthy* to provide a pleasant customer experience that fits the rhythm of modern life.

RESEARCH METHOD

The research flow on customer segmentation strategies using the RFM model is as follows:

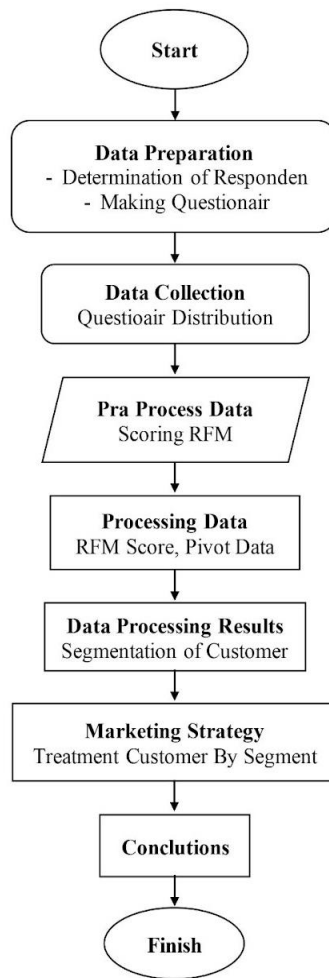


Figure 1. Research Process Flow Diagram

RESULT AND DISCUSSION

Research data was obtained through distributing questionnaires to respondents belonging to cluster 3 (Potential Customer) in the research entitled "Customer Segmentation Using K-Means Clustering with the SPSS Program in Case Studies Consumer Interest in Contemporary Coffee Shops." This research is a continuation of the previous case study. Where in this research the customers who will be analyzed are 31 people.

At this stage, the Cluster 3 data extraction process is carried out based on the recency, frequency and monetary variables from the data that has been obtained. The recency variable is obtained by calculating the difference between the research date and the last transaction date. Meanwhile, the frequency variable is obtained from recorded transaction dates, and the monetary variable is obtained from the total number of transactions recorded.

The RFM calculation process aims to determine customer value based on desired product preferences, taking into account recency, frequency and monetary aspects. Below is the RFM score along with details based on customer preferences.

Recency :

- 1 - long-standing customers
 - 2 - relatively recent customers
 - 3 - recent customers
- Frequency :
- 1 - purchases rarely (single orders)
 - 2 - purchases infrequently
 - 3 - purchases often

- Monetary value :
- 1- low value of purchyses
 - 2 - average value of purchases.
 - 3 - high value of purchases

The results of this calculation will be displayed in table form as a representation of the customer's RFM value. The following are the results of RFM processed data.

Table 1. RFM Scoring Results

Code Customer	R	F	M	RFM Score
1	3	3	3	333
2	1	1	1	111
3	3	3	3	333
4	3	3	2	332
5	1	1	2	112
6	3	3	2	332
7	1	1	3	113
8	1	1	2	112
9	2	2	2	222
10	2	2	2	222
11	3	3	2	332
12	3	3	3	333

13	2	2	1	221
14	3	3	2	332
15	3	3	2	332
16	3	3	2	332
17	2	1	1	211
18	2	1	1	211
19	3	3	1	331
20	2	1	2	212
21	1	1	2	112
22	2	2	1	221
23	3	3	1	331
24	3	3	1	331
25	1	1	1	111
26	2	1	3	213
27	3	3	1	331
28	3	3	2	332
29	3	2	2	322
30	3	3	3	333
31	2	2	1	221

After the RFM data has been determined and scored, the next stage is to determine segmentation based on the RFM score results as seen in table 2 and finally added up to see the number of people per RFM score as in table 3.

Table 2. Customer Segmentation Based on RFM Score

RFM Score	Segmentation
333	Champions
111	Lost
333	Champions
332	Loyal Customers
112	Hibernating
332	Loyal Customers
113	Hibernating
112	Hibernating
222	About to Sleep
222	About to Sleep
332	Loyal Customers
333	Champions
221	At Risk
332	Loyal Customers
332	Loyal Customers
332	Loyal Customers
211	Can't Lose Them
211	Can't Lose Them

331	Recent Customers
212	Can't Lose Them
112	Hibernating
221	At Risk
331	Recent Customers
331	Recent Customers
111	Lost
213	At Risk
331	Recent Customers
332	Loyal Customers
322	Recent Customers
333	Champions
221	At Risk

Table 3. RFM Contantenece

Segmentation Code	Number of Customer
111	2
112	3
113	1
211	2
212	1
213	1
221	3
222	2
322	1

331	4
332	7
333	4
Grand Total	31

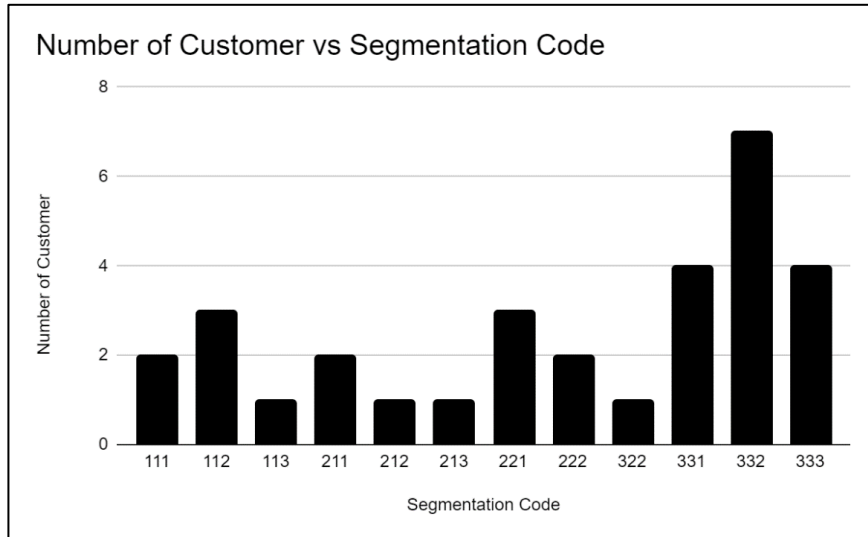


Figure 2. Graph Number of Customer vs Segmentation Code

After 31 people were analyzed based on the RFM score, it can be seen that there are 8 customer segments based on their preferences for contemporary coffee shops as categorized in table 2. From table 3 it can be seen that the number of people per category varies. The highest figure is the category of customers who are loyal to 2 coffee shops in cluster 3, namely Tomorro Coffee and Fami Cafe.

Table 4. Segmentation Categories Based on RFM Score

Segmentation	Number of Customer
Champions	4
Loyal Customers	7
Recent Customers	5
About to Sleep	2
At Risk	4
Can't Lose Them	3
Hibernating	4

Lost	2
Grand Total	31

Table 4 provides information about customer segmentation based on their transaction characteristics, with segmentation scores indicating how important each segment is. The following are interpretations and marketing strategies based on segments:

Champions (4 customer):

Customers in this segment are buyers who have purchased recently, purchased frequently, and spent more money than other segments. Focus on rewarding them, perhaps through an exclusive loyalty program. These customers are valuable assets who promote the brand to those around them.

Loyal Customers (7 customer):

Loyal customers who regularly spend money by being responsive to promotions. Drive sales of higher-value products, ask for reviews, and continuously engage with them through targeted promotions.

Recent Customers (5 customer):

New customers who haven't shopped often. Focuses on initial support, delivering early success, and building relationships to increase retention.

About to Sleep (2 customer):

Customers are above average in terms of frequency, but may lose interest. Offer limited-time deals and recommend products based on previous purchases to stimulate returning interest.

At Risk (4 customer):

Customers who used to shop frequently and spent a lot, but haven't shopped for a long time. Send a personalized email to re-engage the relationship, offer an extension or a great deal, and provide helpful resources.

Can't Lose Them (3 customer):

Customers who make large and frequent purchases, but have not shopped for a long time. Try to win them back with renewal offers or exciting new products. Avoid losing them to competitors.

Hibernating (4 customer):

Customers who haven't shopped for a long time, with low shopping value and frequency. Offer relevant products at special discounts to stimulate interest and rebuild brand value.

Lost (2 customer):

Customers with the lowest recency, frequency and monetary scores. Efforts to generate interest through outreach campaigns. If there is no response, consider abandoning this segment.

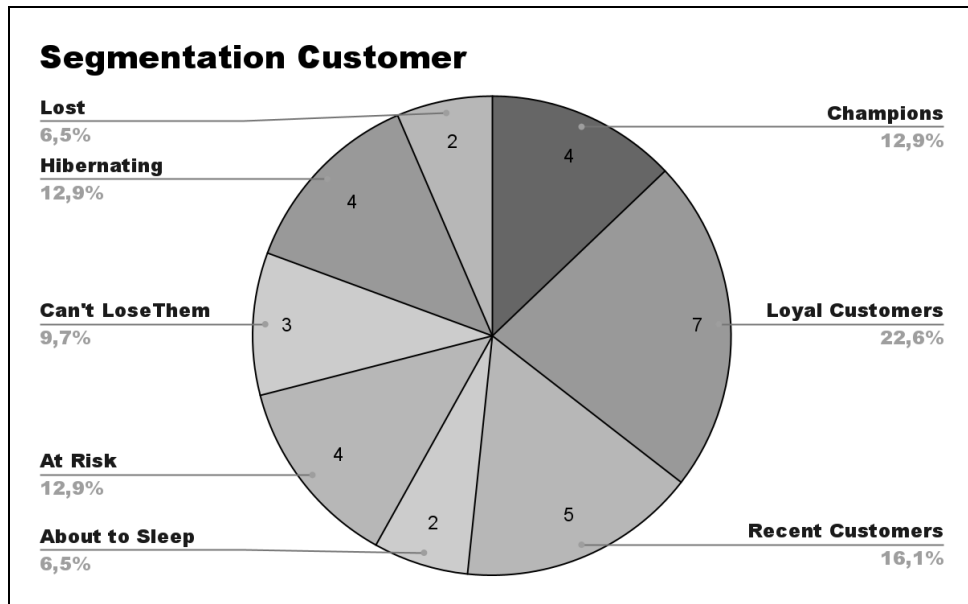


Figure 3. Diagram Segmentation Customer

Based on figure 3, it can be seen that cluster 3 (Potential Customer) which consists of 31 people is dominated by Loyal Customers and Recent customers. And there are also Champion customers who are loyal boss customers who are the strength of Tomoro Coffee and Fami Cafe who must be looked after and treated properly.

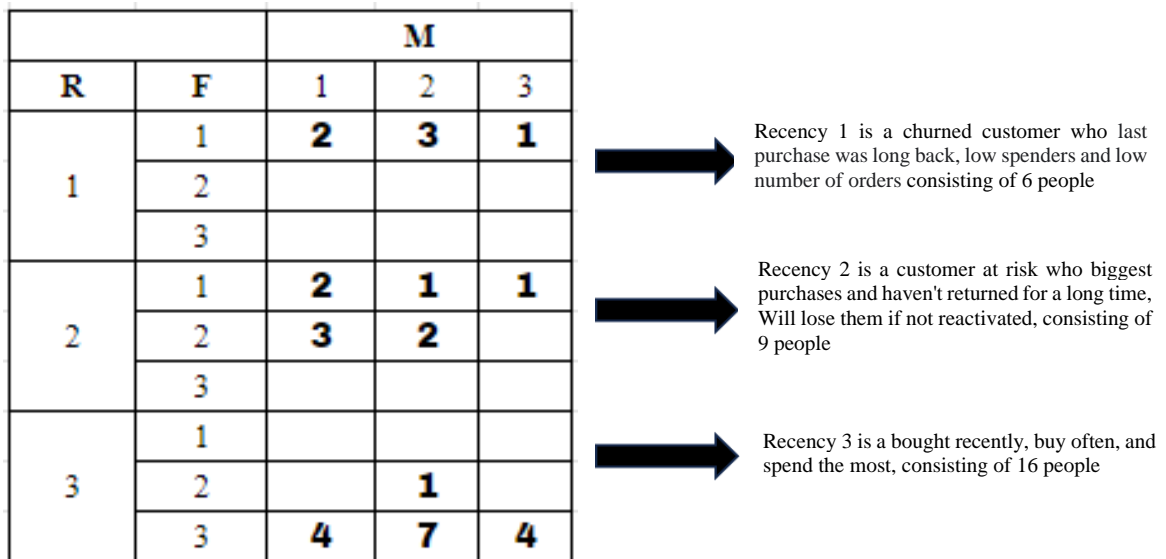


Figure 4. Recency Segmentation

The marketing strategy used will be grouped based on the segment, where the segment will have several customer loyal programs and exclusive prizes whose aim is to attract customer interest and campaign for the program through Instagram in the following ways:

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Recency 1: Lost and Hibernating Customer

Strategy : To restore the declining interest of coffee shop customers, you can implement creative and attractive marketing strategies. Here are some steps that may be effective:

1. Customer Satisfaction Survey:
 - Send surveys to customers who have lost interest to understand the reasons behind their dissatisfaction.
 - Use data from surveys to identify areas that need improvement or improvement.
2. Special Offer for "Comeback"
 - Designing special offers or exclusive promo packages to attract customers who have lost interest.
 - Provide special discounts, freebies or other benefits as an incentive to keep them coming back.
3. Updated Loyalty Program
 - Update or improve the loyalty program to make it more attractive.
 - Offer bonus points, exclusive discounts or special gifts for customers who return after losing interest.
4. Targeted Email Campaigns
 - Send personalized email campaigns containing special offers and the latest information that might interest them again.
 - Use catchy titles and tempting images to attract attention.
5. Collaboration with Local Influencers
 - Invite local influencers or influential customers to create positive content about your coffee shop.
 - Use social media platforms to promote that content and reach new audiences.
6. Events or Special Events
 - Organize special events or thematic events that can attract the attention of customers who have lost interest.
 - Ensuring the event creates a positive and unique experience.
7. Update Menu or Offer Innovation
 - Updating the menu with the addition of new products or interesting variations.
 - Give customers the opportunity to try new products for free or at special prices.
8. Local Partnerships
 - Establish partnerships with other local businesses to provide mutual benefits and create new attractions for customers.
9. Active Social Media Activities
 - Create engaging content on social media that includes behind-the-scenes stories, customer testimonials and eye-catching visual content.
10. Quick Response Program
 - Respond to customer complaints or suggestions quickly and proactively.
 - Shows that you are listening and committed to improving the quality of service.

By implementing a combination of these strategies, we can increase our chances of regaining customer interest that may have missed.

Recency 2: Can't lose them, About to risk, and At risk customer

Strategy : To keep valuable coffee shop customers ready to take risks, it is important to provide added value and an exceptional experience. Here are some marketing strategies that can help retain these customers:

1. VIP Loyalty Program
 - Develop exclusive loyalty programs that provide greater benefits to loyal customers or customers who are ready to take risks.
 - Offer exclusive discounts, early access to new products, or unique experiences only available to VIP members.
2. Deep Personalization
 - Use customer data to create highly personalized experiences. Know their preferences in terms of drinks, atmosphere and frequency of visits.
 - Send offers that are highly relevant and match their wishes.
3. Special and Closed Events:**
 - Organize special events or sessions that are only invited to loyal customers or those who are ready to take risks.
 - Create exclusive events such as new menu trials, meetings with the baristas, or rare degustation sessions.
4. Spontaneous Gift
 - Giving gifts or bonuses spontaneously as a sign of appreciation. This could include free drinks, deep discounts, or special merchandising items.
 - Create a surprise moment to show you care.
5. Exclusive Partnership
 - Form exclusive partnerships with other brands valued by your customers.
 - Offer special collaborations that are only available at your coffee shop, such as collaborations with clothing brands or other local companies.
6. Product Preview Program
 - Giving highly valued customers exclusive access to new products before they are launched to the public.
 - Invite them to provide valuable feedback to build engagement and ownership.
7. Proactive Communication
 - Maintain proactive communication with these customers. Send regular updates about promotions, special events or other relevant developments.
 - Involve them in decision-making processes, such as menu selection or interior design.
8. Profitable Referral Program
 - Provide great incentives for customers who refer friends or family to your coffee shop.
 - Build a customer network by providing significant incentives for customers who bring others to the coffee shop.

By implementing these strategies, we can strengthen relationships with valuable customers and provide additional motivation for them to remain loyal and continue taking risks at the coffee shop.

Recency 3: Recent, Loyal, and Champion Customer

Strategy : For coffee shop customers who have recently joined, are loyal, and can even be considered champion customers, focus on marketing strategies that strengthen engagement, create positive experiences, and celebrate their loyalty. Here are some strategies that can be implemented:

1. High Level Loyalty Program
 - Offer exclusive loyalty programs with higher reward rates, exclusive discounts, or special gifts for newly joined customers.
 - Involve them in loyalty programs by providing bonus points or discounts on their next purchase.
2. Special Product Features for Loyal Customers
 - Designing special menus or drinks that are only available to loyal customers or champion customers.
 - Naming the drink or menu item after them to create a more personal experience.
3. Upload User Content
 - Invite loyal customers to share their experiences on social media with hashtags or content specific to your coffee shop.
 - Select and promote the best customer content to increase engagement and show them appreciation.
4. Special Event for Loyal Customers
 - Organize special events or invitations for loyal customers. This could be an exclusive event, such as a loyal customer party or a meet-and-greet session with the baristas.
 - Use this opportunity to introduce new products or exclusive menus.
5. Feedback and Consultation
 - Involve loyal customers in the decision-making process by asking for their input about new menus, coffee shop interiors, or additional services.
 - Provide special awards to those who make meaningful contributions.
6. Customer Ambassador Program
 - Identify highly loyal customers and offer them a position as a “customer ambassador.”
 - Provide incentives, such as extra discounts or special merchandise, as a token of thanks for their role as coffee shop ambassadors.
7. Surprises and Gifts
 - Sending an unexpected surprise or gift as a sign of appreciation. This could be in the form of free drinks, big discounts, or exclusive merchandise.
 - Doing this as an expression of thanks for their loyalty.
8. Classy Referral Program
 - Provide great incentives to loyal customers who refer friends or family to the coffee shop.
 - Ensure the incentives are of high value and match their level of loyalty.

By focusing on unique customer experiences and rewarding their loyalty, we can strengthen relationships with loyal customers and make them ambassadors or champions for the coffee shop.

CONCLUSION AND RECOMENDATION

Conclusion

Based on the results of the recency segmentation analysis for the Tomoro Coffee and Fami Cafe coffee shops, it can be concluded that customers in cluster 3 consist of 3 segments, namely recency 3 which consists of 16 active customers who are very loyal and faithful. The strategy to increase their loyalty is to implement attractive loyalty

programs such as reward points, exclusive discounts, and access to special offers. Then recency 2 which consists of 9 customers (at risk) and recency 1 which consists of 6 customers (churned) who are no longer loyal or have turned to other brands. The strategy to retain these customers is by personalizing customer data to understand product/service shortcomings and knowing customer individual preference needs in order to attract them back.

Recomendation

Based on the recent segmentation analysis for Tomoro Coffee and Fami Cafe coffee shops, it is evident that customers in cluster 3 consist of three segments: recency 3, with 16 active and highly loyal customers; recency 2, with 9 customers considered at risk; and recency 1, with 6 customers labeled as churned, indicating they are no longer loyal and may have switched to other brands. To enhance the loyalty of recency 3 customers, implementing enticing loyalty programs such as reward points, exclusive discounts, and special offers is recommended. Meanwhile, for recency 2 and recency 1 customers, personalized approaches are essential. Utilizing customer data to understand any product or service shortcomings and tailoring strategies to individual preferences can help in retaining at-risk customers and potentially winning back those who have churned. Employing data-driven insights, feedback mechanisms, and ongoing monitoring will contribute to maintaining positive customer relationships and adapting strategies based on evolving customer needs.

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