

An Analyzing RFM (Recency, Frequency, Monetary) Segmentation to Formulate Online Marketing Strategies : a Case Study of PT MMT

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ABSTRACT

In the current era of globalization, companies must be able to maintain a high level of competitiveness and enhance their performance standards to face the increasing intensity of business competition, particularly in Indonesia. PT MMT has utilized digital media, especially Instagram, to promote its services. The travel agency owner has observed a noticeable increase in customer engagement since adopting online platforms such as Instagram and the company's website. The background of this research is based on the phenomenon of a decline in the number of umrah pilgrims over the last six months of 2024. Therefore, a data-driven marketing approach is required to improve customer retention and expand market acquisition. This study aims to analyze customer segmentation at PT MMT using the RFM (Recency, Frequency, Monetary) method to determine an effective online marketing strategy in the Umrah travel industry. The research applies a quantitative approach with a total population of 861 transactions. Secondary data were obtained from PT MMT's sales reports and digital marketing records. The analysis technique uses RFM Scoring to classify customers into several segments: VIP, Loyal, Potential VIP, New Potential, At Risk, and Lost Gold. The findings indicate that the online marketing strategy should primarily focus on the Potential VIP segment. Furthermore, the implementation of RFM analysis enables PT MMT to gain deeper insights into customer needs and develop more targeted online marketing strategies.

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INTRODUCTION

In today's era of globalization, companies must be highly competitive and raise their performance standards to face the level of business competition, especially in Indonesia. Advances in information technology have transformed the marketing landscape in recent years. Marketing communication methods, which previously used traditional and conventional approaches, have undergone a significant transformation with the integration of digital media. This phenomenon is also known as digital marketing. According to Chavey (2000), digital marketing and electronic marketing (e-marketing) have nearly identical meanings, both describing the management and implementation of marketing through

electronic media.

Competition between companies is aimed at acquiring customers. According to Schnaars (1991), the fundamental goal of a business is to create satisfied customers. Achieving customer satisfaction is both a company's responsibility and a competitive advantage. If customers are satisfied with our products, they will become loyal consumers or repeat customers, which is a benefit for the company. To survive and compete in the market, to attract customers, each company must strive to improve the quality of its management performance, which can influence its success.

PT MMT, located in Bogor, has also been influenced by advances in the digital world. PT MMT is a pioneering travel agency offering regular Umrah, visa services, Umrah plus, and halal tour packages. Like many other businesses, PT MMT has undergone significant changes in the way it interacts with customers and promotes its services. In its early years, PT MMT's owners relied heavily on conventional marketing strategies, targeting potential customers, particularly those near the office.

A business that implements online sales, involving social media and developing trading capabilities, generally experiences significant benefits in terms of revenue, job opportunities, innovation, and business competitiveness. As an entrepreneur, proper business strategy planning is paramount. Customers are the primary asset and key to a business's success. Therefore, many entrepreneurs compete to attract customers and exert considerable effort to retain them (Marisa F., Ahmad, SS, Yusof, ZI, Fachrudin, & Aziz, TM, 2019).

Consumer purchasing decisions involve activities in which consumers select, assess, and evaluate alternative purchases based on their needs or desires. According to (Kotler, 2007), producers require consumer behavior strategies to achieve this goal, and several internal and external factors influence this process. These external factors include cultural, social, personal, and psychological elements. Competition in the travel industry is increasing, and to boost product sales, businesses in this sector must have effective strategies to stay ahead. One approach is for companies to utilize existing sales data. Data from Umrah package sales created by travel agencies will gradually generate a pile of data. Based on the background phenomena above, the researcher is interested in writing a study entitled, "RFM (Recency, Frequency, Monetary) Segmentation Analysis to Determine Online Marketing Strategy (Case Study of PT MMT)".

Literature Review

Marketing strategy

A marketing strategy is a comprehensive plan designed by a company to achieve its stated marketing objectives. According to (Elnora, 2003), a marketing strategy includes decision-making related to selecting target markets, determining product positioning in the minds of consumers, and planning the marketing mix, which consists of product, price, promotion, and distribution. The goal of a marketing strategy is to create a sustainable competitive advantage in the face of competition in the market. In an increasingly competitive business world, an effective marketing strategy is key for companies to win the competition and maintain their position in the market (Stanton, 1991).

Segmenting, Targeting, Positioning Strategy

Market Segmentation: Market segmentation is the process of dividing a market into smaller groups based on specific characteristics, such as demographics, geography, psychographics, or consumer behavior. Segmentation aims to identify groups of consumers with similar needs and preferences, allowing companies to provide products tailored to their needs (Manggu, 2021).

Targeting (Target Market Determination): Targeting is the stage of selecting the most potential market segments to target for marketing. After dividing the market into segments, the company then selects the segment that best aligns with its objectives and available resources. Selecting the right target market will help the company focus its marketing efforts on the group most likely to purchase the product or service offered (Hakiki, 2020).

Positioning (Product Positioning): Positioning is an effort to create a certain image or perception in the minds of consumers regarding a product or brand, so that the product can be recognized as unique compared to competing products. According to (Kotler, 2006), effective positioning must be able to communicate the main value or benefit of the product that is relevant to consumer needs, so that the product can have a competitive advantage in the market.

Digital Marketing

In order to meet the needs of the community, marketing has also evolved into digital media so that marketing can be easily distributed and has a target, namely Digital Marketing. In contrast to marketing that creates and fulfills demand, digital marketing drives demand by using the internet as an interactive medium (Stokes, 2011). Digital marketing that can increase sales has the function of (a) As a sales tool (b) as a customer service (c) as a communication tool (d) as cost efficiency (e) as a brand development tool (Elida T, 2019).

RFM Model

RFM is a model proposed by Hughes in 1994 for use in analyzing consumer behavior (Carrasco et al., 2015). According to Yaqin et al. (2019), RFM is a model used to make predictions based on customer analysis according to a database. The RFM model is a marketing tool often used to determine customer segmentation based on behavior using transaction data (Martínez et al., 2019). The RFM model uses the basic assumption that customer transaction patterns in the past will be similar to transaction patterns in the present and in the future, these customer behavior patterns can be explained using RFM value calculations (Sohrabi & Khanlari, 2007).

RESEARCH METHODS

This research uses a quantitative method, which, according to Sugiyono (2004), can be defined as a method based on the philosophy of positivism, used to research a specific population or sample. In this study, the population used was all PT MMT consumers who had made purchases and used PT MMT's Umrah services. In this study, the researcher used a sampling technique using the Non Probability Sampling technique using Purposive Sampling. Purposive Sampling is a sampling determination technique with certain considerations (Sugiyono, 2017: 85). The reason for selecting samples using purposive sampling is because

not all samples have the criteria that match those determined by the author. Therefore, the researcher has determined the sample that was chosen intentionally to get a representative sample. To obtain valid data, the researcher has determined the criteria used for sampling as follows: (1). Respondents' age is 17 years to 65 years, (2) All PT MMT customers, (3) All PT MMT Umrah service customers, both individuals and institutions represented by staff. This study was conducted by interviewing 12 respondents to obtain primary data. This study uses the RFM segmentation analysis method. RFM is a good model for segmenting customers using behavioral information from a transaction database. RFM segmentation is carried out by: (1) Data Collection, (2) Data Transformation, (3) Implementation of the RFM Algorithm, (4) Evaluation of Results.

RESULTS AND DISCUSSION

RFM (Recency, Frequency, Monetary) segmentation at PT MMT

PT MMT is essentially an Umrah travel provider based in Bogor. However, its registered customers come not only from Greater Jakarta (Jabodetabek) but also from outside Java. However, data on PT MMT's client distribution cannot be displayed in this study due to business privacy reasons. This study will suggest online marketing strategy ideas that PT MMT can use to segment VIPs and Potential VIPs, who are prioritized to increase loyalty. Based on the results of data processing using the SPSS system, the results obtained are as shown in Table 1, which grouped customers based on RFM scores.

Table 1. Tabulation and Classification of RFM Segmentation

Recency Score		Monetary Score			Total	Group Name	Qty	%	
		1	2	3					
1	Frequency Score	1	61	65	63	189	Lost Gold العملاء الذين المغفودون	128	14,86%
		3	33	32	33	98	Dormant Customer العميل الخامل	98	11,38%
	Total		94	97	96	287	Non-core غير أساسي	61	7,08%
2	Frequency Score	1	88	99	90	277	Potential VIP ميل ميل محتمل	100	11,61%
		3	3	4	3	10	At Risk Customer العميل المهدد بالخطر	187	21,72%
	Total		91	103	93	187			
3	Frequency Score	2	85	102	87	274	VIP عميل كبار الشخصيات	96	11,15%
		3	4	5	4	13	Loyal العميل الوفي	4	0,46%
	Total		89	107	91	287	New Potential العميل جديد محتمل	187	21,72%

First, the VIP segmentation which is the most valuable customer for the company because it contributes significantly to revenue, has the characteristics of Recency (R) which is new or has already done the Umrah trip, Frequency (F) makes purchases with high frequency (> 2-3 times Umrah) Monetary (M) spends more than the average, usually chooses premium/VIP packages. For this segmentation has an RFM score of 321, 332, 333 with a total of 96 transactions. Then from the results of the interviews that have been made verbatim, for this segmentation it can be categorized as exclusive service and the number of groups is more private, and the need for a special companion who can provide 24-hour service especially if there is an emergency situation or things that are needed.

Second, the Loyal segmentation is a group of customers who have frequently used PT MMT services and have an emotional attachment to the company. They don't only give

because of promotions, but also because of trust, service quality and positive experiences. Having the characteristics of High Recency (R) they recently purchased an Umrah package, Frequency (F) they also frequently make purchases, Monetary (M) is moderate with consistent purchase value, although not as high as VIP. For this segmentation has a score of 331 with a total of 4 transactions. Then, from the interview results that have been made verbatim, for this segmentation can be categorized into the selection of a varied catering menu according to the needs of Indonesian pilgrims and the selection of hotels that are in accordance with the initial contract when the customer registered.

Third, the New Potential segmentation is new customers who have only purchased services (umrah packages) once and have the potential to become more valuable customers in the future. They cannot yet be categorized as loyal or VIP customers because their purchase frequency is still low, but they have great potential to become regular customers if managed well. Usually have a high Recency (R) score for having just made a purchase, a low Frequency (F) score because they have only made one transaction, Monetary (M) varies, usually medium or high depending on the package chosen. For this segmentation, the RFM score is 321, 322 with a total of 187 transactions. Then, from the interview results for this segment, it can be categorized according to the need for comprehensive umrah guides and information media that must be clarified.

Fourth, the Potential VIP segmentation is a customer who has the potential to become a VIP customer but is not yet fully consistent in their purchasing behavior. This segment is very important for marketing strategies because it has a great opportunity to be converted into the most profitable customers. It has the characteristics of Recency (R) having just made a relatively high purchase, for Frequency (F) making purchases quite often, but not as high as VIP, while Monetary (M) the purchase value is relatively high, although still below VIP customers. This means that they have shown great interest in PT MMT services but have not yet reached the level of full loyalty. For this segmentation, the RFM score is 213, 231, 232, 233 with a total of 100 transactions. Then from the results of the interviews that have been made verbatim, for this segmentation can be categorized as improving excellent transportation services from the hotel to the mosque and during city tours, as well as the need for experienced companions and the number of companions adjusted to the number of congregants.

From the explanation in the table above, the discussion regarding customer segmentation is actually not limited to the 6 segmentations above, but in this study, 2 segmentations were determined as priorities for PT MMT to be able to increase customer loyalty by determining the right online marketing strategy for the target segmentation as an effort to help PT MMT understand the needs and preferences of the segmentation. Based on the results of the processing above, the researcher suggests choosing the Potential VIP segmentation as the main target market, because when viewed from the number of RFM scores Recency, Frequency, Monetary in this segmentation is relatively high so that with the number of 100 transactions it can be upgraded to VIP. With Umrah packages and programs that prioritize pain value from the results of previous interviews. For online marketing strategies, it can be focused on personalizing digital promotions such as making exclusive

offers via WhatsApp, email marketing, or SMS "Thank you for choosing PT MMT! Get a discount of Rp. 1,500,000 for your next Umrah departure." then you can do Instagram ads by displaying videos of the facilities provided according to the reference of the hotel's proximity and professional companions.

Meanwhile, for the second segment, New Potential, based on the relatively high RFM (Recency, Frequency, Monetary) score of 187 transactions, can be upgraded to Potential VIP. With Umrah packages and programs that prioritize pain points based on previous interviews, online marketing strategies can focus on digital onboarding, such as sending welcome messages via WhatsApp or... After purchasing a package, they sent email marketing messages like "Thank you for choosing PT MMT! We're ready to accompany you on your pilgrimage," created educational content on Instagram Reels, TikTok, and YouTube about "Umrah preparation tips," the advantages of PT MMT's services, and testimonials from previous pilgrims. They also targeted them with Instagram Ads featuring videos of hotel facilities and pilgrim services, highlighting professional escorts, and created an exclusive WhatsApp group for new pilgrims.

Value Proposition based on RFM segmentation

Based on the segmentation options of Potential VIP and New Potential, PT MMT must be able to offer solutions that not only include planning and implementing Umrah trips, but must also be able to provide a personalized experience with the needs and references of each Umrah program .

Table 2 Value Proposition

Segmentasi RFM	Value Proposition	Pendekatan Pemasaran Online
VIP	Menawarkan pengalaman umrah eksklusif dengan fasilitas hotel bintang 5, layanan prioritas, dan personal assistant.	WhatsApp VIP broadcast, email premium, undangan event eksklusif.
Potential VIP	Memberikan penawaran khusus untuk mendorong pembelian paket umrah premium dan meningkatkan loyalitas.	Retargeting iklan digital, diskon early bird, webinar eksklusif.
Loyal Customer	Mempertahankan kepuasan jamaah dengan benefit member, promo khusus, dan komunikasi personal.	Program reward poin, membership digital, grup WhatsApp komunitas loyal.
New Potential	Memberikan welcome experience terbaik untuk meningkatkan engagement dan pembelian ulang.	Welcome email, panduan digital umrah, promo pembelian kedua.
At Risk	Menghidupkan kembali pelanggan lama yang hampir hilang dengan penawaran eksklusif.	Email re-engagement, iklan remarketing, diskon VIP untuk comeback.
Lost Gold	Membangun kembali kepercayaan pelanggan bernilai tinggi yang lama tidak membeli.	Kampanye win-back, undangan gathering alumni, fasilitas gratis.

Based on the value proposition that PT MMT can offer, namely by demonstrating that PT MMT partners with the best hotels in their class, in addition to having good reviews, both in terms of hotel service, food, and proximity to the mosque, so it can provide a good experience for customer segments. Furthermore, it is supported by experienced guides. By retargeting digital ads, providing early bird discounts and exclusive webinars for the Potential VIP segment, while for New Potentials, they can receive a Welcome email, a digital Umrah guide, and a second purchase promotion.

CONCLUSION

This research successfully grouped customers according to their segmentation, thus determining the right online marketing strategy for the targeted segment. Each segment has its own preferences and needs related to the desired Umrah program. However, the main conclusion of this research is to target Potential VIP and New Potential customers who have the potential to make a significant contribution to the advancement of travel due to the large number of transactions in this segment. Partnering with the best hotels in their class, in addition to having good reviews, both in terms of hotel service, food, and distance to the mosque, so as to provide a good experience for customer segments. Furthermore, supported by experienced guides. By retargeting digital ads, providing early bird discounts and exclusive webinars for Potential VIP segments, while New Potential can receive Welcome emails, digital Umrah guides, and second purchase promotions. Digital media that can be used are WhatsApp, Instagram Ads, and TikTok.

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