

Customer segmentation for Travel Tide e-booking startup

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Introduction/Background

This analysis supports Elena Tarrant, Head of Marketing at TravelTide, in designing a personalized rewards program aimed at improving customer retention. The focus is on selecting the most attractive perks for customers and assigning them to segments based on their likely favorite perk.

Objectives

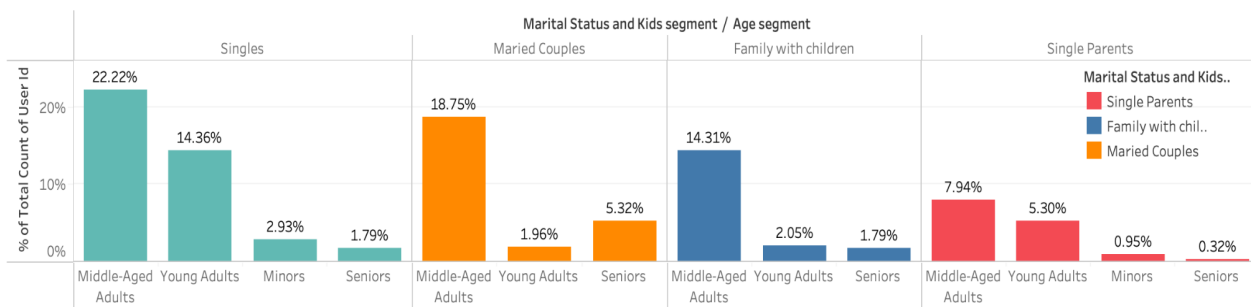
The primary goal of this analysis is to determine which perks are likely to attract customers and to assign customers to segments based on their preferred perks. This will inform the personalization of rewards program invitations.

Methodology

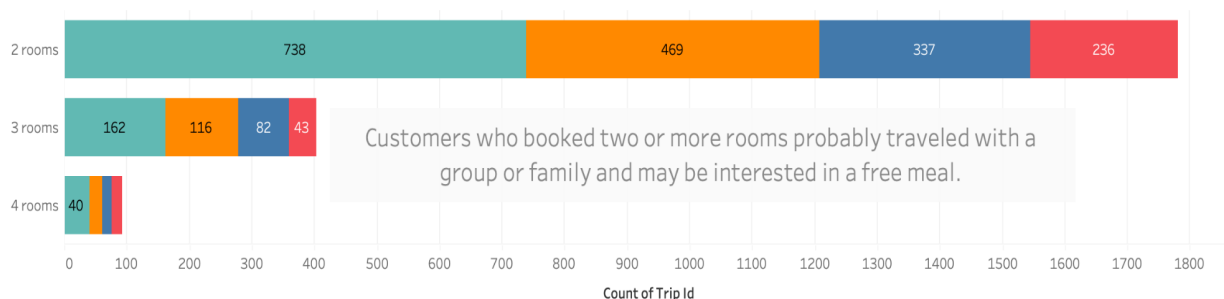
To achieve these objectives, we conducted an in-depth analysis of TravelTide's customer data, considering various customer behaviors and attributes to identify potential affinities to specific perks. We used SQL queries and Tableau for data exploration, segmentation, and visualization.

Perk 1: Free Hotel Meal

AGE and marital status of users



Perk 1- Free Hotel Meal



Key Findings:

In our data, we observe that fewer than 5% of minors and less than 10% of seniors fall into these categories. However, approximately 18% are families with children, and around 15% are single parents. These groups may be particularly interested in a free meal due to their age or marital status.

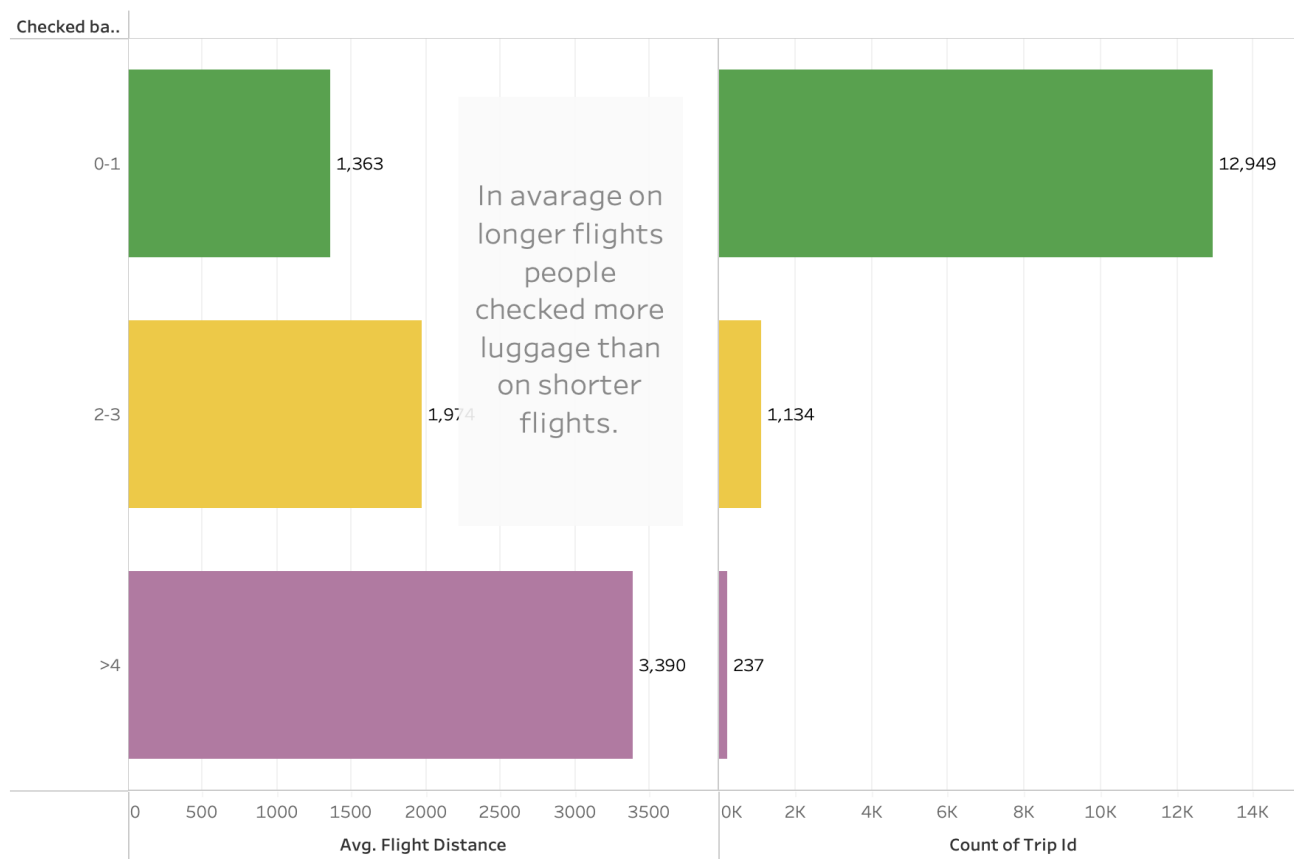
Also users who have booked hotels with 2 or more rooms, especially those in the categories of "Single Parent" and "Family with Children," are more likely to be interested in free hotel meals. Age and marital status play a role in users' preferences for this perk, with "Middle-Aged Adults" showing the highest interest.

Recommendations:

Create targeted marketing campaigns highlighting the free hotel meal perk for users who fit the identified profiles, such as "Single Parents" and "Families with Children."

Tailor email invitations to emphasize the free hotel meal perk for these specific segments.

Perk 2: Free Checked Bags



Key Findings:

Users who typically book flights with a high number of checked bags are potential candidates for the free checked bags perk.

Longer flights tend to have more checked bags, and on average, travelers on longer flights check more luggage.

A significant number of users (1371) have taken longer flights with 2 or more checked bags.

Recommendations:

Target users who book longer flights and check multiple bags with promotions for free checked bags.

Create marketing materials that highlight the cost-saving benefits of this perk for frequent flyers.

Perk 3: No Cancellation Fees



Key Findings:

Users who frequently engage in sessions with the intent to cancel trips are potential candidates for the no cancellation fees perk.

Most cancellations occur in the "Hotel+Flight" booking segment.

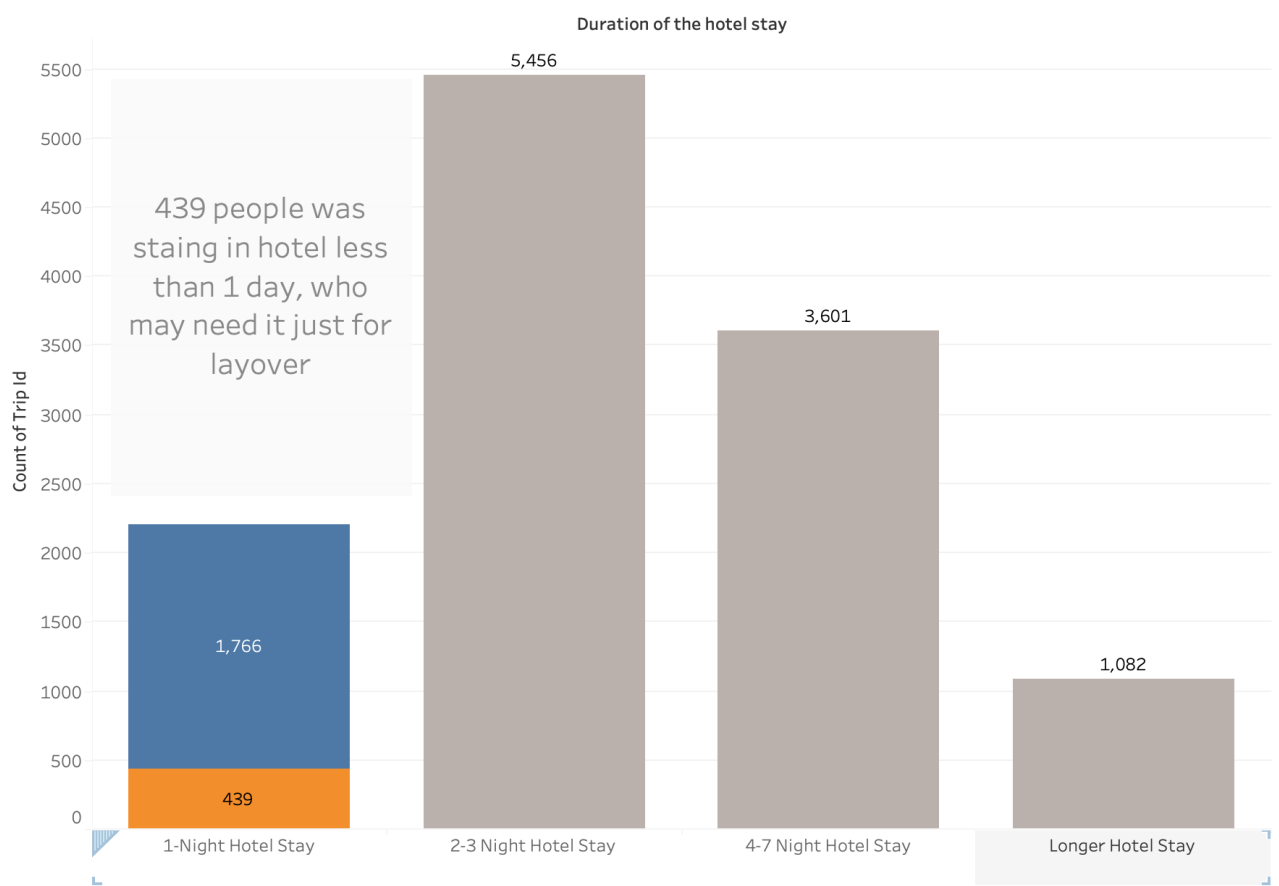
People who book both flight and hotel together are more likely to be interested in no cancellation fees.

Recommendations:

Offer the no cancellation fees perk to all users who book flights with a hotel.

Highlight this perk in marketing materials to reassure users concerned about cancellation fees.

Perk 4: 1 Night Free Hotel with Flight



Key Findings:

Users who have booked flights and hotels for the same trip, especially those who stay for one night, are potential candidates for this perk.

Out of 2205 travelers who paid for one night, almost 25% (439) stayed less than a day.

Recommendations:

Promote the 1-night free hotel perk to users who book flights and hotels together, emphasizing its value for quick layovers or short stays.

Use targeted messaging to capture the interest of users who fit this profile.

Perk 5: Exclusive Discount (Price-Sensitive Customers)

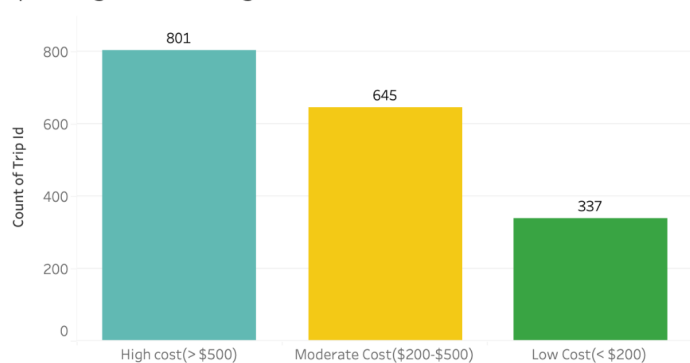
Key Findings:

For this perk, we looked at how much users tend to spend when booking their trips. Interestingly, many users are willing to invest a significant amount, with a large number of trips costing more than \$500. This suggests they value their travel experiences.

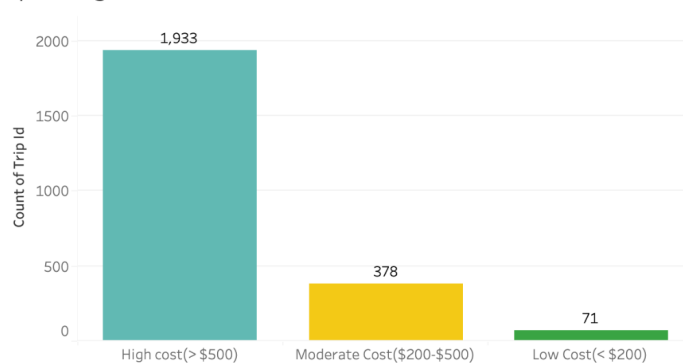
When users book both flights and hotels together, there's a spike in the number of trips, and they tend to spend even more, often exceeding \$800 per trip.

This highlights that users prefer the convenience of booking both flights and hotels together and are willing to spend more for an all-inclusive travel experience.

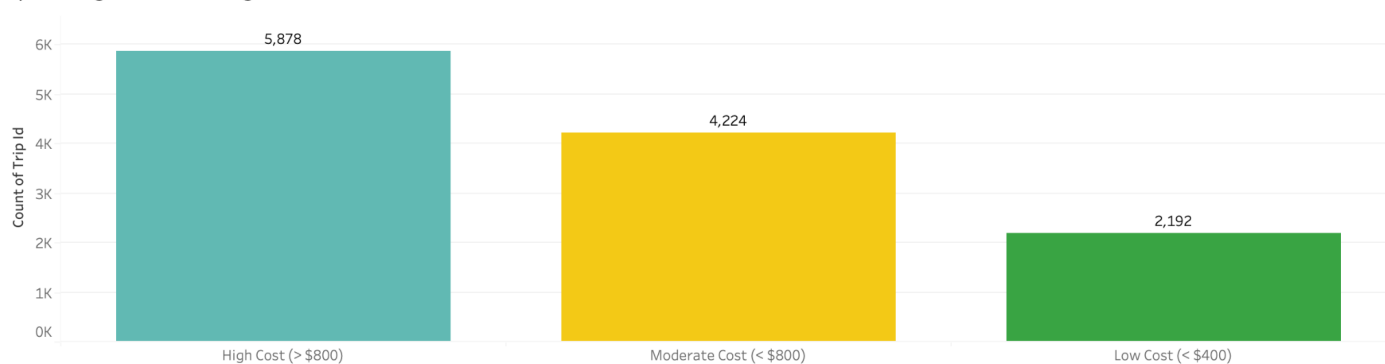
Spending Behavior Flight

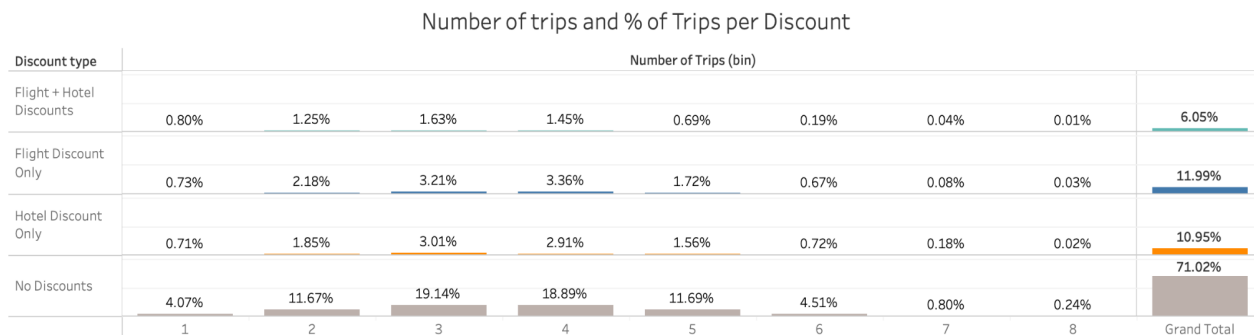
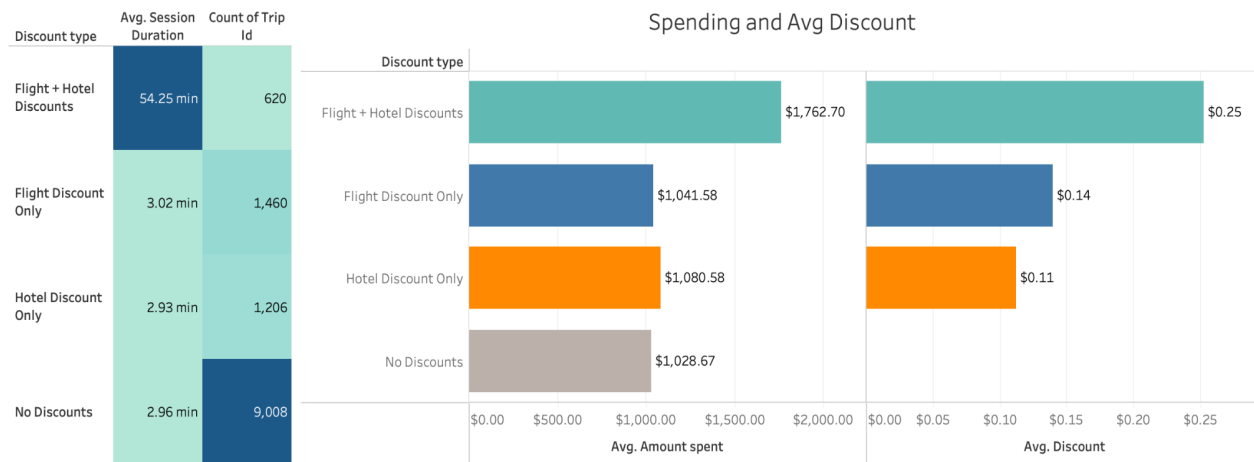


Spending Behavior Hotel



Spending Behavior Flight+Hotel





We found that users who book flights and hotels together, benefiting from discounts, spend an average of 54.25 minutes per session. In contrast, those who book without discounts or separately for flights or hotels spend an average of just over 3 minutes per session.

Interestingly, when users choose to book both flights and hotels together, they tend to spend more money on their trips and receive more substantial discounts.

Surprisingly, only about 29% of all the trips we analyzed received a discount. This suggests that there's potential to offer exclusive discounts to users who book both a hotel and flight for their second or third trip, as we've observed that, on average, users book three trips.

Recommendations:

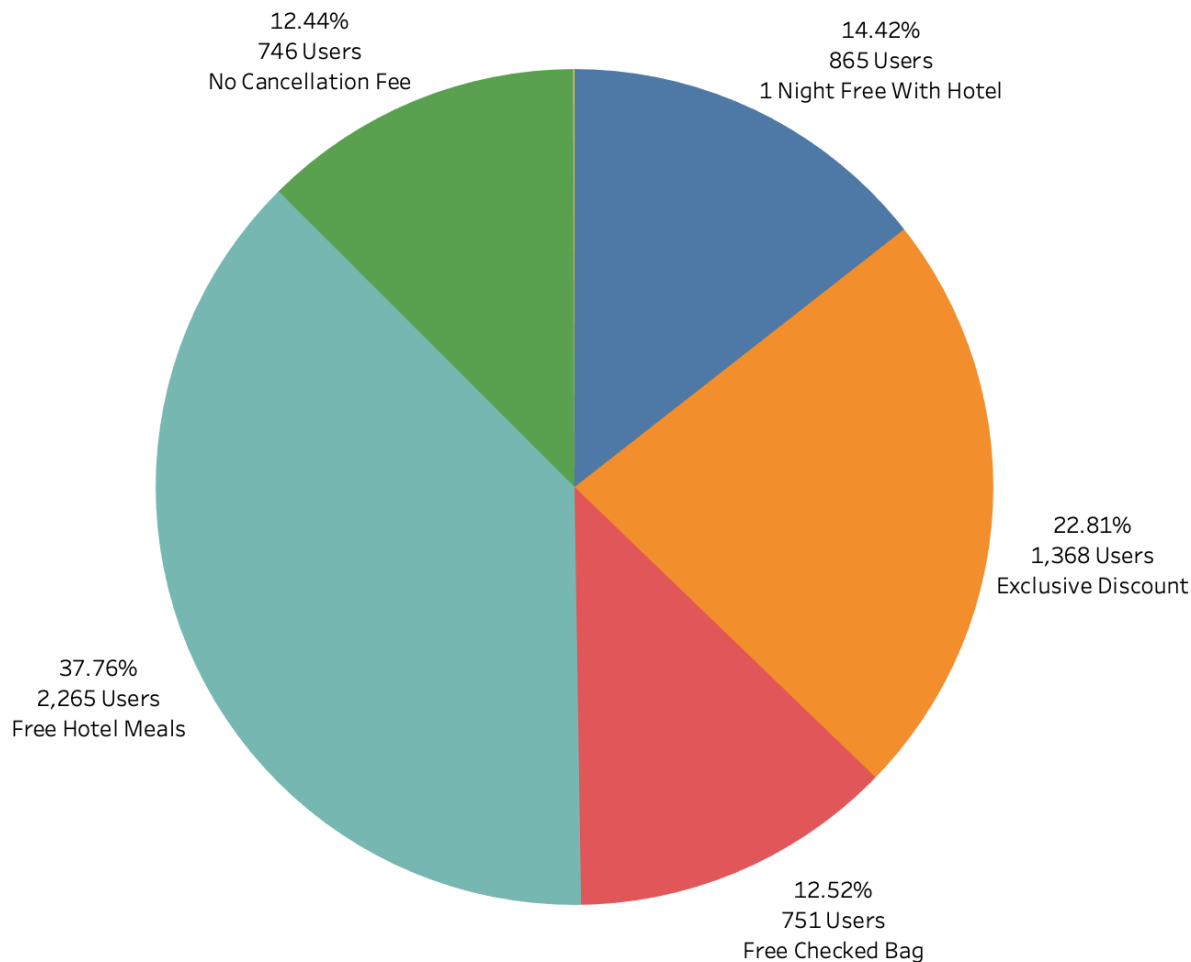
Focus on users who book multiple trips, particularly those who have already booked both flights and hotels together for their second or third trip. Create exclusive discount offers tailored to this segment, enticing them to continue booking all-inclusive travel packages.

Since users who book flight and hotel packages tend to spend more, ensure the booking process for combined packages is seamless and user-friendly. Highlight the potential savings and convenience of booking together.

Consider expanding the availability of discounts to a broader audience. While only 29% of trips received discounts in our analysis, there may be opportunities to attract more users by offering discounts for their first trips as well.

These recommendations should help tailor marketing strategies and email invitations to maximize customer engagement with TravelTide's rewards program.

Travelers Perk Segmentation



During our analysis, we determined the attractiveness of each perk to different user groups by calculating scores for individual users. Here's a summary of our findings:

- **Free Hotel Meals:** This perk is an excellent fit for groups, families, and seniors who often book multiple rooms and value complimentary meals during their stay.
- **Exclusive Discount:** Perfect for budget-conscious users who spend more and appreciate discounts.
- **1 Night Free With Hotel:** Tailored for travelers with short layovers, this perk offers a complimentary night's stay to enhance convenience during brief trips.
- **Free Checked Bag:** Geared towards travelers with multiple bags on longer journeys, this perk eliminates the hassle and cost of checking luggage.
- **No Cancellation Fee:** Preferred by flexible travelers, this perk provides peace of mind by waiving cancellation charges when travel plans need adjustments.

It's essential to note that user preferences may evolve over time. Therefore, we recommend regularly updating your analysis and rankings to adapt to changing user behavior and market dynamics.

Next Steps

To operationalize the insights gained from our customer segmentation, we propose a structured approach:

Segmented Email Campaigns:

- Develop tailored email invitations, accentuating the perk most relevant to each user segment.
- Personalization is key to pique individual interests and drive engagement.

A/B Testing for Optimization:

- Conduct A/B testing of various email content and designs.
- Continuously refine email strategies to maximize user engagement.

Monitoring User Engagement:

- Implement tracking mechanisms to monitor user engagement with our personalized email campaigns.
- Key metrics to observe include open rates, click-through rates, and sign-up rates.

Feedback Collection:

- Encourage active participation from users who enroll in the rewards program.
- Solicit feedback regarding their perk preferences and overall experience.

Continuous Refinement:

- Utilize the gathered feedback to iteratively refine and personalize our perk offerings.
- Aim for an evolving rewards program that resonates with our users.

Dedicated Customer Support:

- Establish a customer support system to aid users in perk redemption and address any queries or concerns linked to the rewards program.

By following this structured approach, we aim to not only attract customers but also maintain their engagement and loyalty by offering perks that align with their preferences. The continuous refinement of our offerings and strategies is pivotal to our long-term success.