

14 February 2025



BACKGROUND

Traveltide is an online booking platform for travellers. The company has seen remarkable growth. CEO Kevin Talanic is concerned about the poor customer retention. Marketing Head Elena Tarrant has come up with a rewards program to retain customers.

The aim of the project is to segment customers based on their behaviour and assign them perks. Following perks are available:

1. 1 night free hotel with flight
2. Free hotel meal
3. Free checked bag
4. Exclusive discounts
5. No cancellation fees

OBJECTIVE

The primary objective was to define customer segments according to their booking behaviour and assign one perk to each segment that customers would likely appreciate.

METHODOLOGY

Raw data was extracted and cleaned. The processed data was analysed using PostgreSQL and Tableau. Rule based approach was used to define customer segments according to customer behaviour. Perks were assigned to each segment ensuring that one customer belonged to only one group and only one perk was assigned to each group.

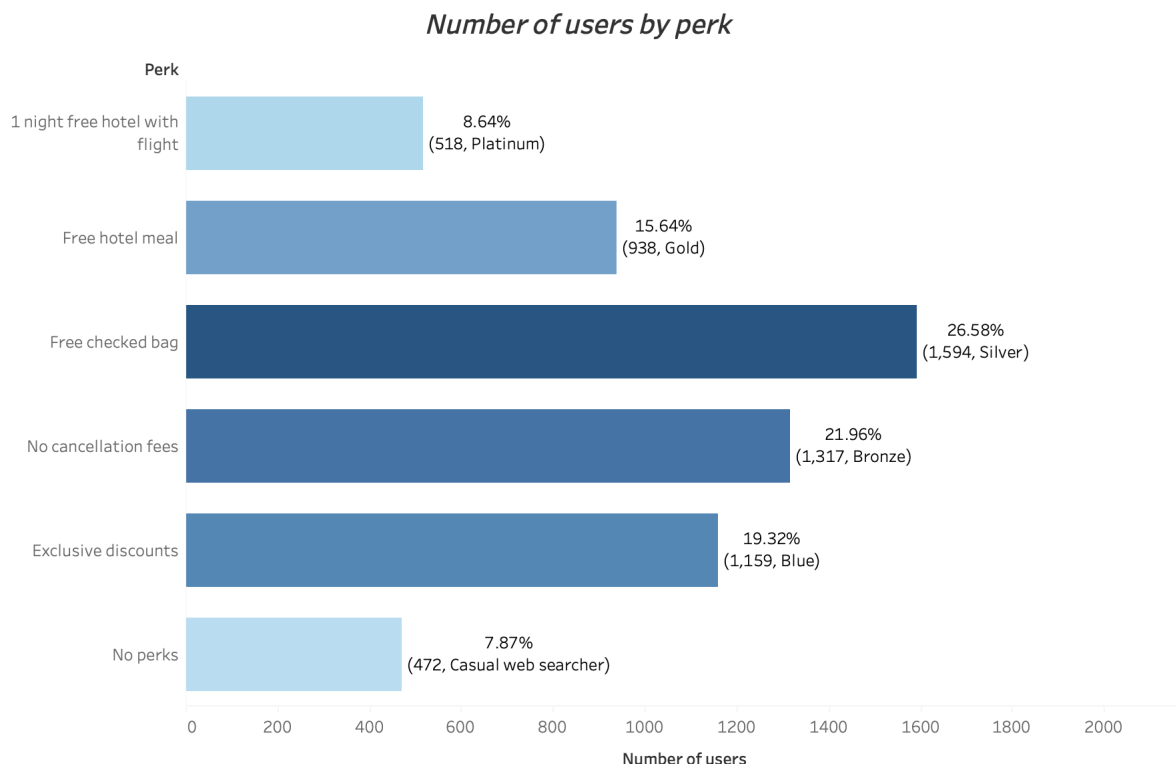
KEY FINDINGS

Distribution of users and assigned perks:

The perks were assigned to each user keeping in mind that a user can get a maximum one perk. The perks were assigned in a way to not only promote but also appreciate the customer retention.

The distribution of the assigned perks and number of users shows that the maximum number of users are eligible for a 'Free checked bag' which refers to the Silver class of customers. Such customers often carry more than one checked bag. Also, this segment of customer often booked long or medium term in advance indicating a longer duration of travel.

On the contrary only a very small number of customers are eligible for the high value perk of '1 night free hotel with flight' and can be offered to Platinum class of customers. This is indeed true as not many people spend high on flights and hotels with high travel frequency.



Gold class customers were offered a free hotel meal as they belong to customers with Last-minute booking and high travel frequency as appreciation. It also included customers with high spend on flights and hotels with low travel frequency as a strategy for promoting hotel booking. As a promotion, customers with only hotel and flight booking with high travel frequency were also included.

Bronze class customers presented a mix of behaviours. For example, long or medium term advance booking with low spending on flights and hotels or high spending in flights but low

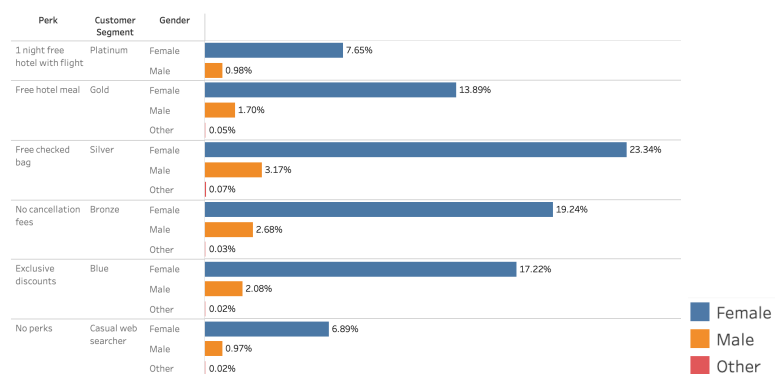
on hotels and vice versa indicating an uncertainty in their behaviours. Such customers were assigned a ‘No cancellation fees’.

The Blue segment of customers included budget travellers bookings with discount and conscious spending on flights and hotels.

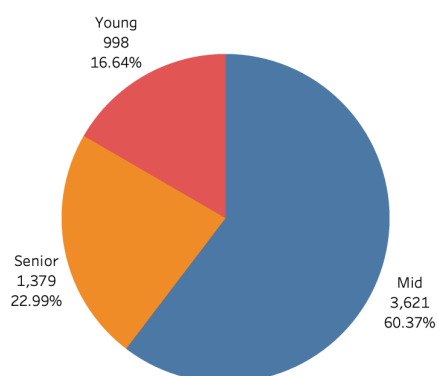
Lastly, there was also a segment of customers without any travel history and appeared to be ‘Casual web searcher’. This segment was not assigned any perk.

Women travellers outnumber men:

The percentage of women travellers outnumbered the men traveller in all segments of customer as can be seen in the bar chart.



Mid-age group accounts for more than 50% travellers:



Nearly 60% users are in the mid-age group of 31-50 years while Young travellers (18-30 year) are least, accounting for only approximately 17% users.

RECOMMENDATIONS

As per the requirement, the users were segmented in different clusters and assigned a perk according to user travel and spending behaviour. It is important to note that a rule based approach was used for segmentation. It is recommended to test the validity of these rules and segments using other methods such as A/B testing. Following are some additional recommendations.

To increase the customer retention and engagement, it is recommended to improve the reward program. For example, users may be offered Points Based Rewards on every expenditure using the Travel Tide app. The cumulative points can be redeemed on the next travel experience.

It is important to note that the number of women travellers is much more than men. Travel tide needs to make some strategic changes to improve the men traveller. For example, offer men related travel sites, activities, networking events, sports etc to attract more men travellers.

Also, the young users are only approximately 17% while the mid-age group holds approx. 60% indicating a huge gap. Travel Tide needs to make strategic changes to attract more young users.

Finally, it is important to consider customer feedback and reviews to understand how the adopted changes affect customer behaviour.