

Executive Summary

Analysis was undertaken using our databases (customer info, app usage, flight and hotel bookings) to identify customer segments for our new loyalty programme.

Loyal customers were defined as **app users with more than 7 sessions since Jan 2023**. These (6,730) customers were then grouped according to their behaviours and mapped to perks accordingly.

5 customer segments were identified using mathematical algorithms and can be described as follows:

- Long stay traveller
- Business traveller
- Frequent, discount booker
- Family booker
- Solo traveller

Key Findings

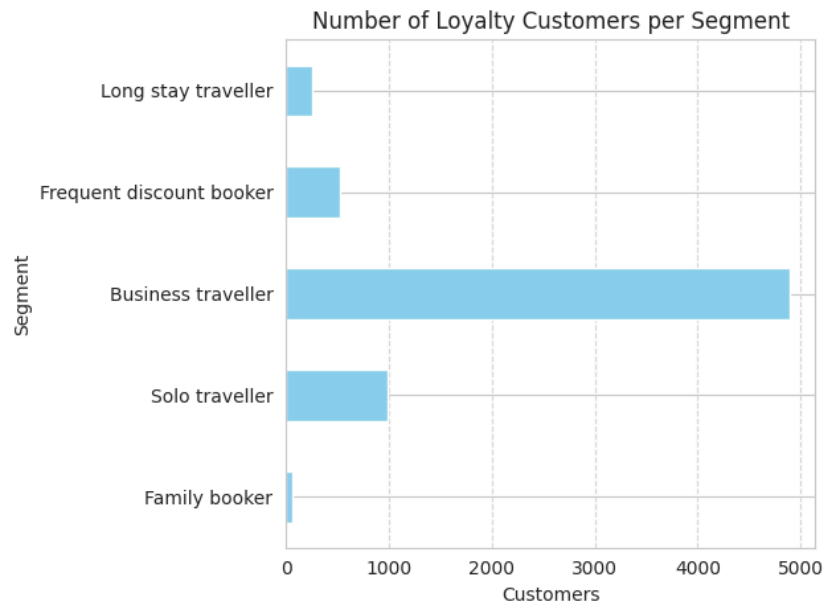
Long stay travellers are our second smallest segment but they travel much longer than average (11-14 nights per stay). They are also likely to book multiple hotels per flight but will also book infrequently compared to others.

Business travellers make up the overwhelming majority of our loyal customers. They tend to make 1-2 bookings per month, stay between 2-4 nights per booking and spend more on a hotel room than other segments.

Frequent, discount bookers are highly sensitive to discounts. They visit more pages on the app than any other segment, book more frequently but are also most likely to cancel.

Family bookers are married with 1-2 children. They tend to stay 6 nights, and are the highest spending segment (per booking). They are also our smallest segment.

Solo travellers will travel alone and infrequently compared to other segments. They tend to stay 2-6 nights per booking and are the least likely to seek a discount. This segment is also highly unlikely to cancel.



Recommendation

Customer Segment > Perk:

- Long stay traveller > **one night free hotel with flight**. *(They book more nights in a hotel than any other group)*
- Business traveller > **free hotel meal**. *(They are likely to have less time for eating out)*
- Frequent discount booker > **exclusive discount**. *(They have a clear preference for discounts)*
- Family booker > **free checked bag**. *(They book more baggage than any other group)*
- Solo traveller > **no cancellation fee**. *(They may be tempted to book more often if they don't have a penalty for canceling)*

Next Steps

1. Agree on segments and perks
2. Add "loyalty" label to users database
3. Add "customer segment" label to users database
4. Initiate test email and compare open rates to benchmark
5. Track loyalty programme sign-ups

Links

[Customer Segmentation Presentation](#)
[Data analysis and clustering](#) in Python
[GitHub repository](#)