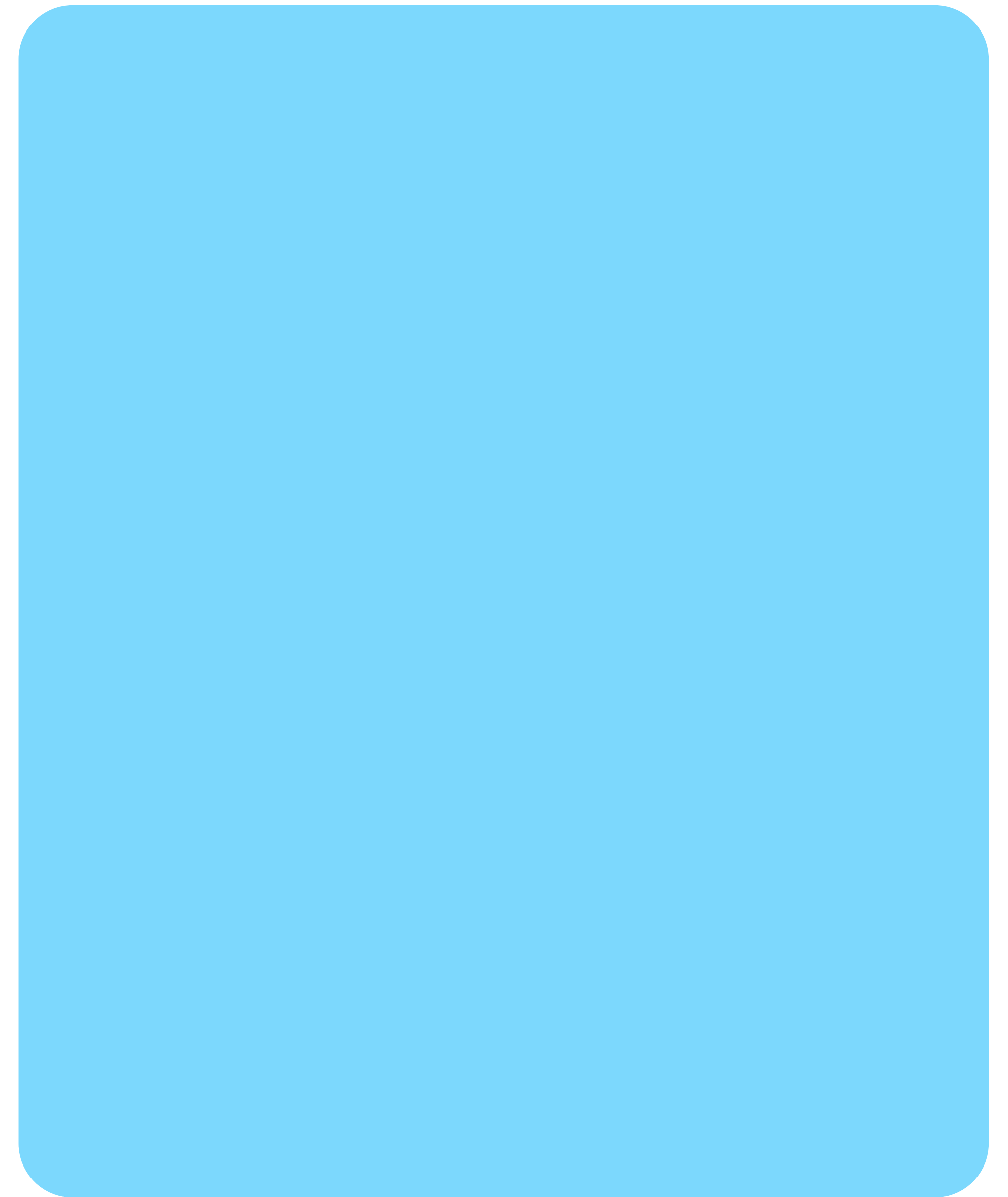


# Traveltide Reward Program

Assigning perks based on customer behavior

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## OBJECTIVE

This program aims to

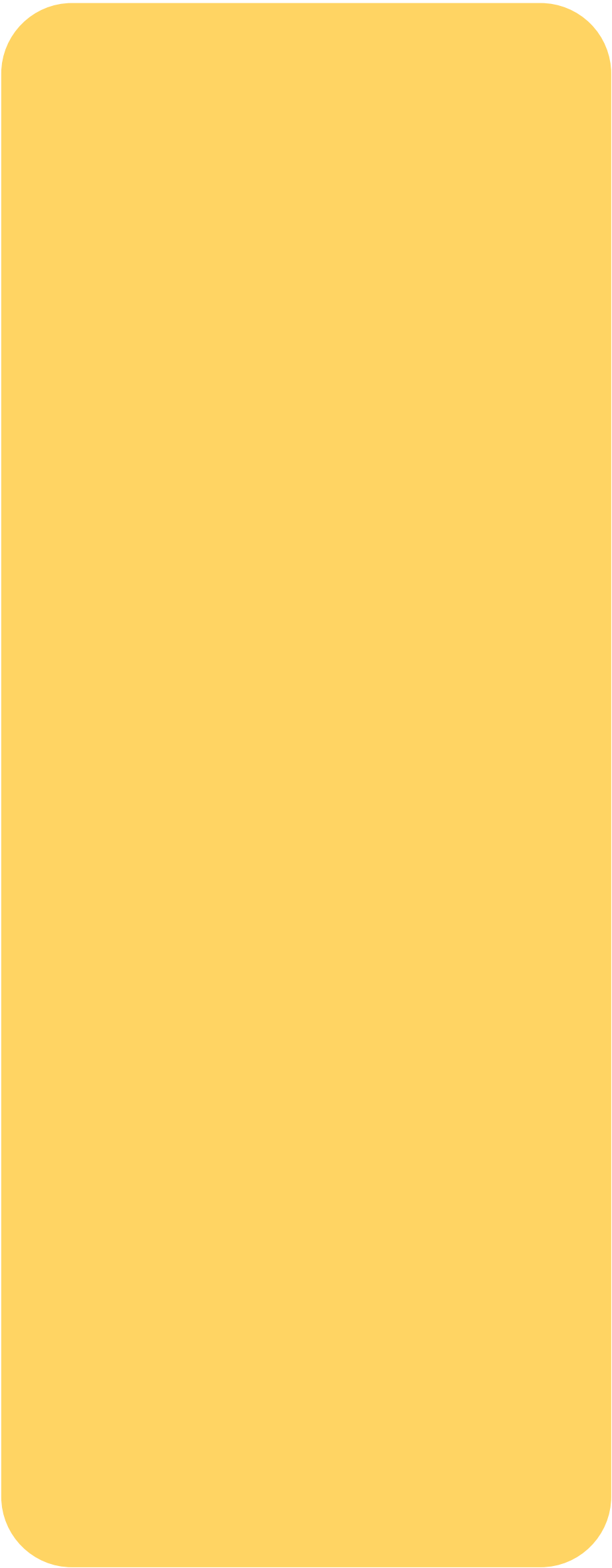
- Analyze important customers behaviours.
- Assign relevant perks that align with these behaviours and customers needs,
- Motivate customers to engage more frequently with our business.

This report summarizes the findings from our data analysis process, which involved segmenting our customer base into five groups, and providing actionable recommendations.



# ANALYSIS OVERVIEW

Cohort Definition:	2023-01-04 - 2023-07-28 >=8 sessions and >= 1 trip_id
Number of Customers reviewed:	4,939
Total Number of Flights Booked:	24,002
Total Number of Hotel Booked:	12,294
Total Amount Spent by Customers:	\$13,289,288
Customers Home Countries:	Canada and USA



# METHODOLOGY

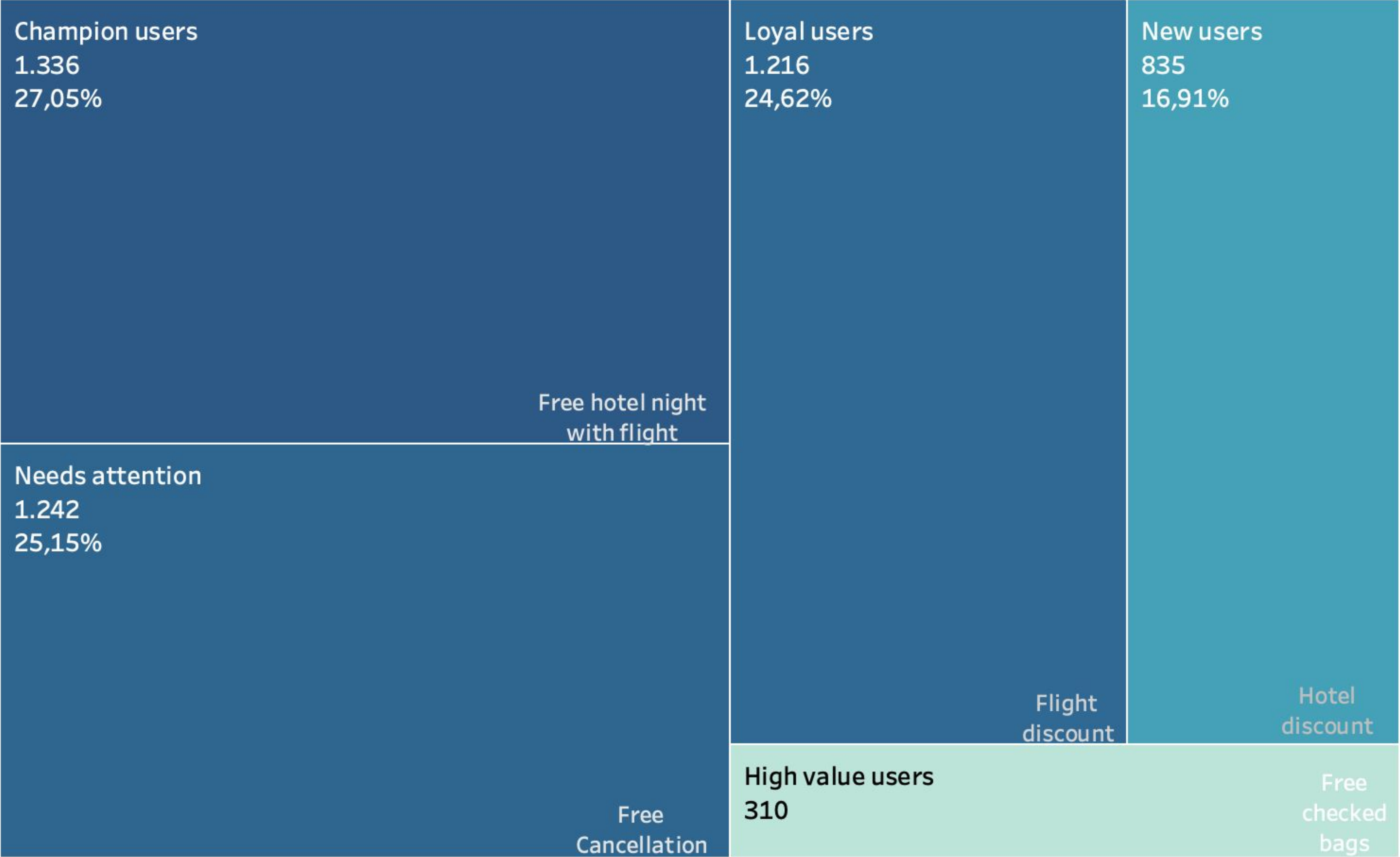
We comprehensively reviewed and analyzed our users' demographics and engagement patterns. We segmented our user base into 5 groups via RFM Modeling based on the recency of users' bookings (Flight and/or Hotel), Frequency of trips and spending for the period under review.

## Score interpretation

- rfm\_recency --**1**(most recent), -- **2**(averagely recent), --**3**(older)
- rfm\_frequency --**1**(less frequent), --**2**(averagely frequent), --**3**(very frequent)
- rfm\_monetary --**1**(low value), --**2**(average value), -- **3**(High value)



# METHODOLOGY



# CUSTOMER SEGMENTS

We grouped the customers as follows based on the result of the RFM query.

- **The Champions;** This group is characterized by customers who book flights and/or hotels more frequently with high monetary contribution to the business.
- **The Loyal Users;** This group is characterized by customers whose flight and/or hotel bookings are fairly frequent, recent with a fair monetary contribution to the business. They love the business.
- **The High Value Users;** Their flight and/or hotel bookings are fairly frequent, with a commendable high monetary contribution to the business.
- **Needs attention group;** This group is characterized by older customers who scarcely book flights and hotels and has low monetary contribution to the Business. They can become churn if not properly addressed.
- **New users;** This group is characterized by customers who booked fairly recently and have booked once or more.



## FINDINGS

The RFM segmentation shows our desired customer segmentation for easier targeting with perks.

- It showed that the Champions Users segment has a population of **1,336(27.05%)** from the dataset, with a revenue contribution of **\$6,772,197(50.96%)**, which is a very large bag of the total revenue. This group is characterized by high booking frequency and high monetary contribution.
- With a population of **1,216(24.62%)**, the Loyal users segment contributed **\$2,087,630(15.71%)** of the total revenue. This group booked more recently, with average frequency, and average monetary contribution.
- Following, is the High-Value users segment, has a population of **310(6.26%)** from the dataset, with a revenue contribution of **\$1,726,039(12.99%)** of the total revenue. This group is characterized by medium booking frequency and high monetary contribution. Which means? We don't want to lose them.



## FINDINGS

- The biggest chunk of the population numbering **1,242(25.15%)**, represented **1,299,310(9.78%)** of the total revenue and is characterized by older/irregular and low monetary contribution. This segment needs more attention.
- Then the new customers segment who just have started booking with Traveltide, we have to treat them carefully because they might become more loyal and valuable.

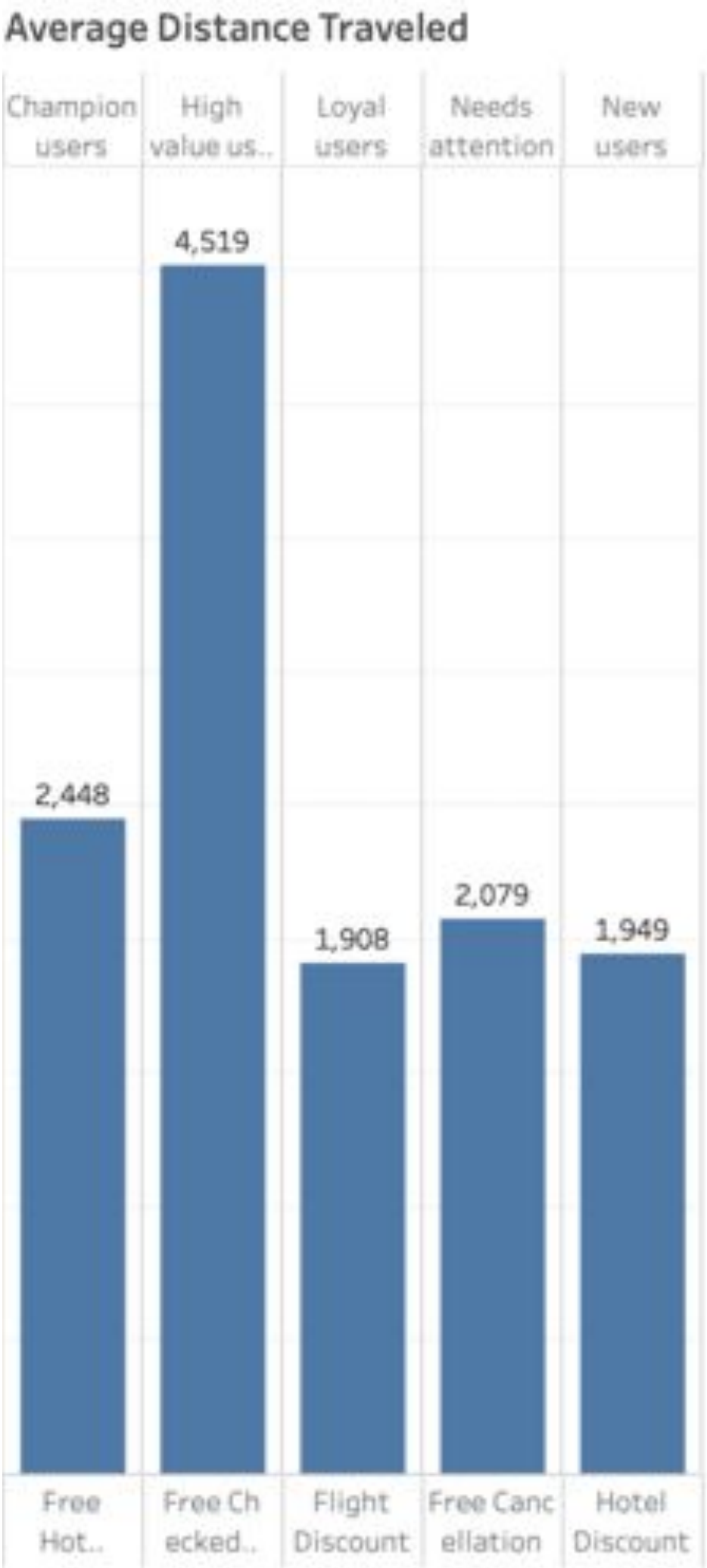
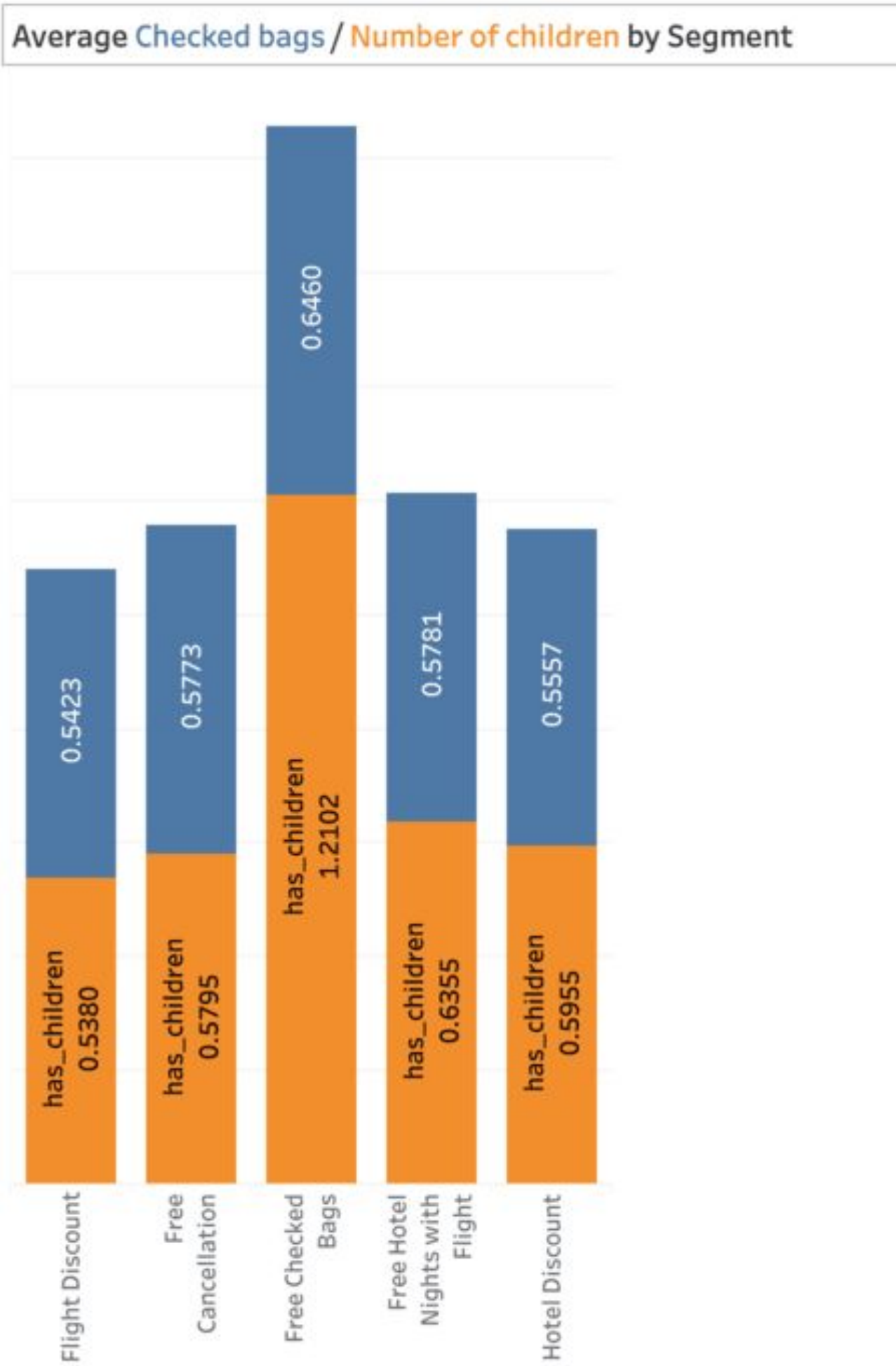
In summary, we assigned Perks to these segment that best matches their behaviour and increase patronage.



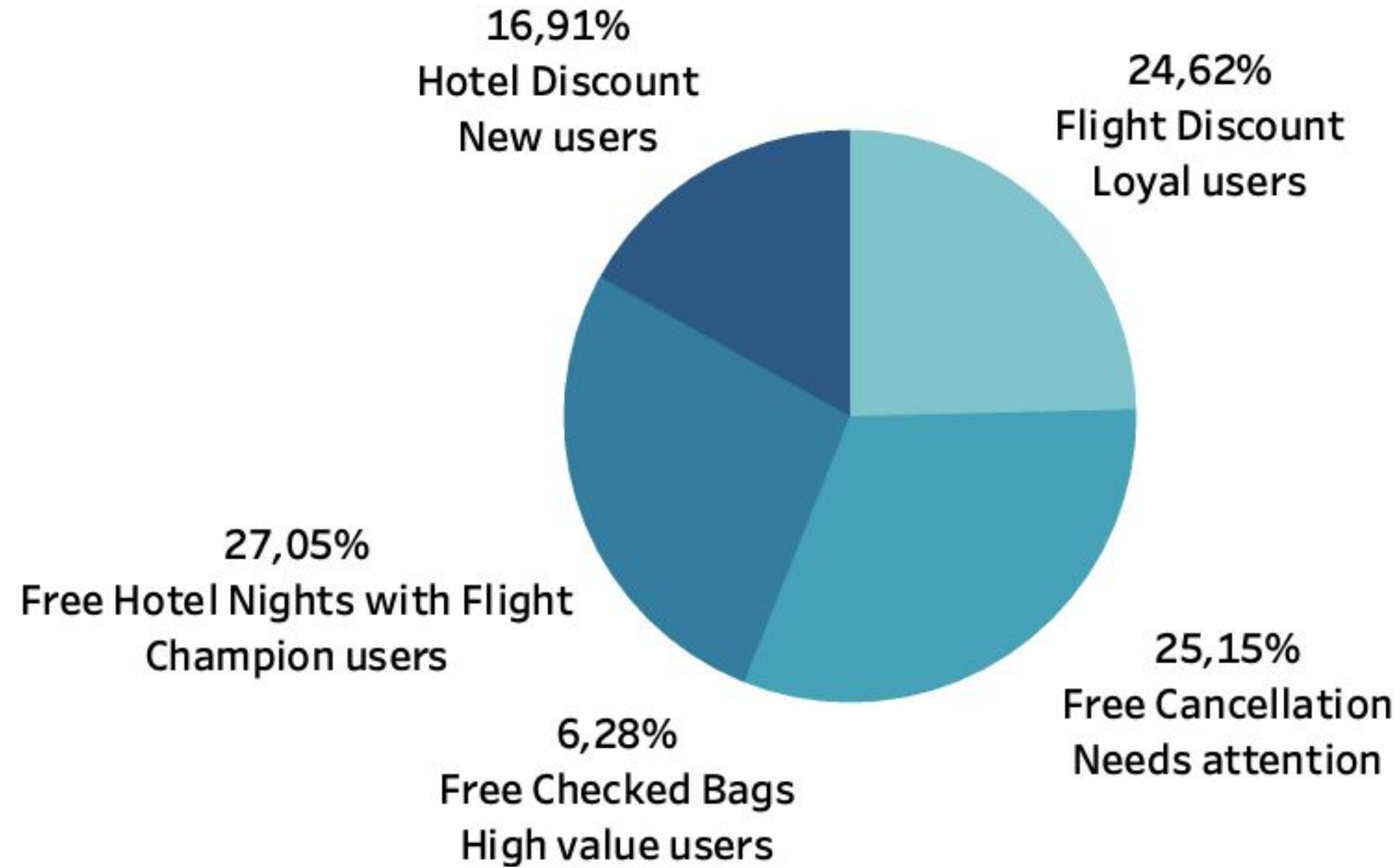


# PERKS EVALUATION

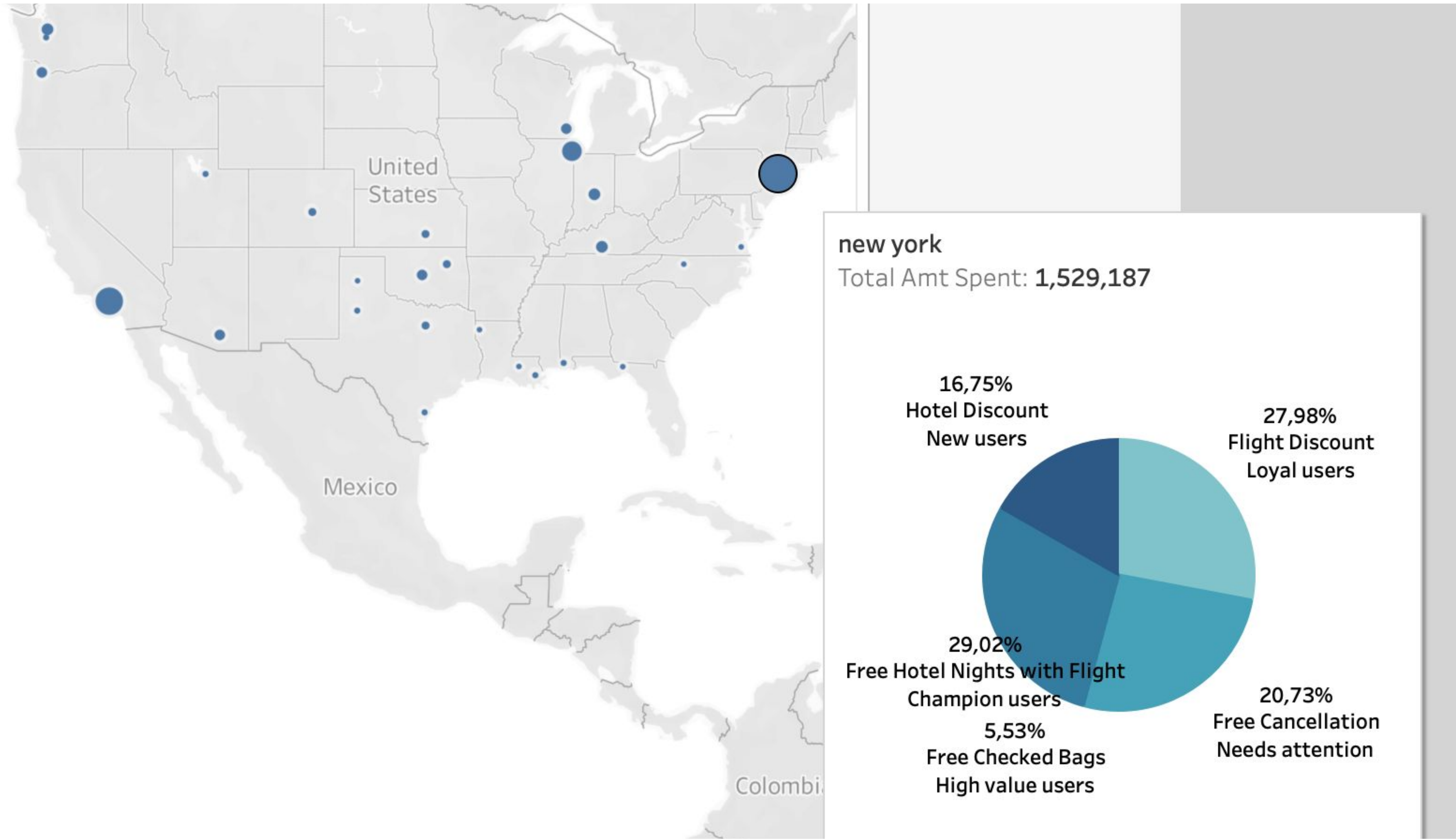
RFM Result + Customer Demographic Behaviour = Perk



## CUSTOMER SEGMENTS + TAILORED PERKS



# CUSTOMER PERFORMANCE BY HOME CITIES



# RECOMMENDATION

Given the findings of this work, we conclude the perks shown earlier matches the behaviours of these customer segment. Hence, would boost repeat bookings, Increase customer retention, and improve the overall Business Performance.

However, before launching this program fully, an A/B testing should be carried out as detailed below to validate the effectiveness of the grouping and the assigned perks;

- A/B Testing (Test vs. Control Group):

Control Group: A segment of existing customers who are not exposed to the new rewards program. Randomly selected.

Test Group: A segment of customers who are enrolled in the Traveltides Rewards program. Random sample.

Track and compare the behavior of these two groups over 6-month period.



# RECOMMENDATION

## Success Metrics:

**15%** increase in customer retention (tracked by tier movement and repeat bookings).

**5%** growth in repeat bookings within 6 months.

Higher engagement with the app (measured by increased sessions)

If this probability is sufficiently low,

- We can redefine our segments or reshuffle the perks.
- Retest till we are successful.

Otherwise We "prove our doubts wrong" and then launch the program.





# Thank You

