

# Executive Summary for TravelTide Customer Segmentation

## Introduction

In an effort to enhance customer retention in a competitive market, TravelTide is conducting an analysis to segment our customer base. This segmentation aims to align our diverse travel perks with the specific preferences and needs of our customers within the rewards program.

## Objectives

- To identify distinct segments within TravelTide's customer base.
- To tailor travel perks in our rewards program to these segments, enhancing customer retention.

## Methodology

The analysis was conducted using Jupyter Notebooks, employing Python for data manipulation and SQL for initial data extraction. A K-Means clustering algorithm was then applied, utilizing the silhouette score to determine customer segments based on behavior. This ensured unique and distinct customer groups, to which tailored perks were subsequently assigned.

## Key Findings

### Loyalty Rewards: Minimal Discount Seekers

This group includes 2,211 major customers who are less influenced by discounts during the cohort period, typically seeking discounts of less than 15 percent. They contribute significantly to revenue and should be the focus of high-value perks within the loyalty program. Introducing a Loyalty Rewards program for this segment, where customers earn points for each booking that can be redeemed in the future, is likely to encourage increased engagement and foster long-term loyalty.

### JetMiles Points : Frequent Travelers

This group comprises 1,127 customers who stand out for their frequent travel habits, they stand as pivotal contributors to our company, holding the highest completion rate for trips among all segments and completing more than minimum 3 trips and maximum 8 trips. Often opting for premium flight options, Recognizing their loyalty and travel frequency, the JetMiles Points program offers tailored rewards that acknowledge and enhance their travel experiences. Reinforcing their commitment to our services.

## **High Intent Visitors: 20% Off on First Booking**

This group consists of 976 visitors who have shown a high level of interest, evidenced by their extensive engagement with our site, including more than 5 sessions. Despite this, they have yet to make a booking. To convert their strong interest into action, we propose offering a 20% discount on their first booking. This strategic incentive aims to turn engaged visitors into loyal customers, encouraging them to make their first purchase and fostering long-term engagement with our services.

## **Business Breeze: Free Cancellation**

This group of 950 customers, mainly aged 30-50, often books last-minute for business trips that are less than a week's time span. They travel light and book single seats, ranking second in completed trips and frequently choosing premium options. Offering free cancellations caters to their need for flexibility, providing peace of mind and convenience they require.

## **Elite Flyers: 1 Extra Bag and VIP Lounge Access**

This group of 399 high-value customers includes frequent flyers and families who book more than 2 seats, spend over \$3,500 on flights, or have made 2 or more round trips. To enhance their travel experience, we provide benefits such as an extra baggage allowance and VIP lounge access. These privileges cater to their preferences, ensuring a premium travel experience and fostering strong loyalty to our services.

## **Long-Term Lodgers: 1 Free Night with Hotel Meal**

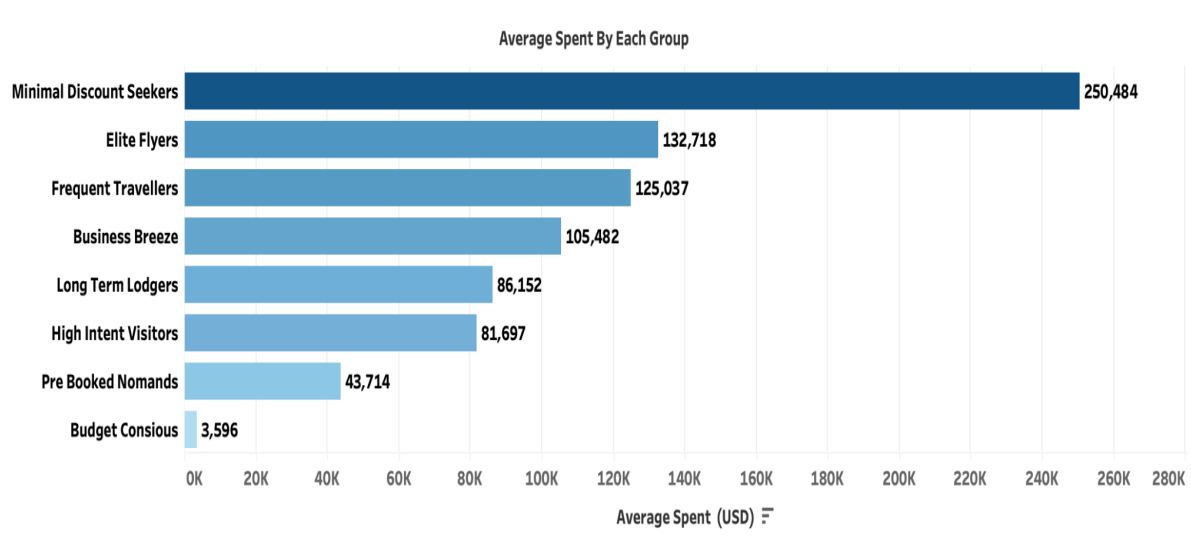
This group of 245 customers stays for more than 5 days or spends an average of over \$2,000. To appeal to their preference for value and extended stays, we offer a complimentary night's stay including a free hotel meal. This offer enhances their lodging experience, making it more attractive and reinforcing their loyalty to our hospitality services.

## **Pre-Booked Nomads: Early Bird Bonuses**

This group of 61 customers values advanced planning and exclusive offers, with trip durations ranging from 100 days to 365 days. We offer Early Bird Bonuses including special discounts and perks for bookings made well in advance. This initiative not only encourages proactive planning but also ensures these elite customers receive top-tier service and convenience.

## Budget Conscious: Exclusive Discounts

This group of 29 customers values affordability and seeks the best deals available. We provide Exclusive Discounts tailored to their budget-conscious approach, enhancing the attractiveness of our services and fostering repeat business. Understanding their preference for cost-effective options allows us to consistently meet their needs, ensuring high customer satisfaction and loyalty.



## Recommendations

- **A/B Testing for Segment Validation** It is recommended to conduct A/B testing to validate the effectiveness of targeted perks for each customer segment identified. This approach will utilize metrics such as conversion rates and customer engagement to refine our strategies. The testing phase is anticipated to run for 4-6 weeks to gather comprehensive data.
- **Launching the Rewards Programme** Utilizing segmented data insights, initiate a targeted email campaign that prioritizes high-value customers identified by their average spending habits. Evaluate the program's effectiveness through key performance indicators such as customer lifetime value and engagement rates to ensure strategic alignment and maximize impact.
- **Continuous Monitoring** Regular monitoring and reporting of KPIs will be crucial for ongoing optimization of the rewards program. This proactive approach ensures timely adjustments to maximize program effectiveness and customer satisfaction.

