

TravelTide Customer Segmentation

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01

Background

TravelTide

E-booking startup, established in April 2021

Consistent growth since its inception

Best-in-class data aggregation and search technology.

Largest travel inventory in the e-booking space.

Strong market position

Strategic Focus & Limitations

TravelTide has maintained a **hyper-focus** on building an unfair advantage along a limited number of dimensions – in this case, building the **biggest travel inventory and making it easily searchable**. Because of this narrow focus, certain aspects of the TravelTide customer experience are underdeveloped, resulting in **poor customer retention**.

02

Our Goal

Personalized Rewards

Support a personalized **reward program**. Create **customer segments** to assign favorite perk to every customer.

Perks to attract Customers

Exclusive Discounts

Free Meal/Free Breakfast

Free Checked Bag

VIP-Lounge

Free Night

Free Cancellation

03

Customer Segmentation

The Cohort

We focused on a cohort of sessions starting **after January 4, 2023** and included users with **more than 7 sessions**, ensuring we analyzed active customers.

Tools and Methods

SQL and Python

Rule-based approach and Machine Learning
Algorithms (Hierarchical Clustering)

04

Customer Segments

High-Spending Customers: Identified by high overall trip expenses; these customers were assigned **VIP-Lounge** perks.



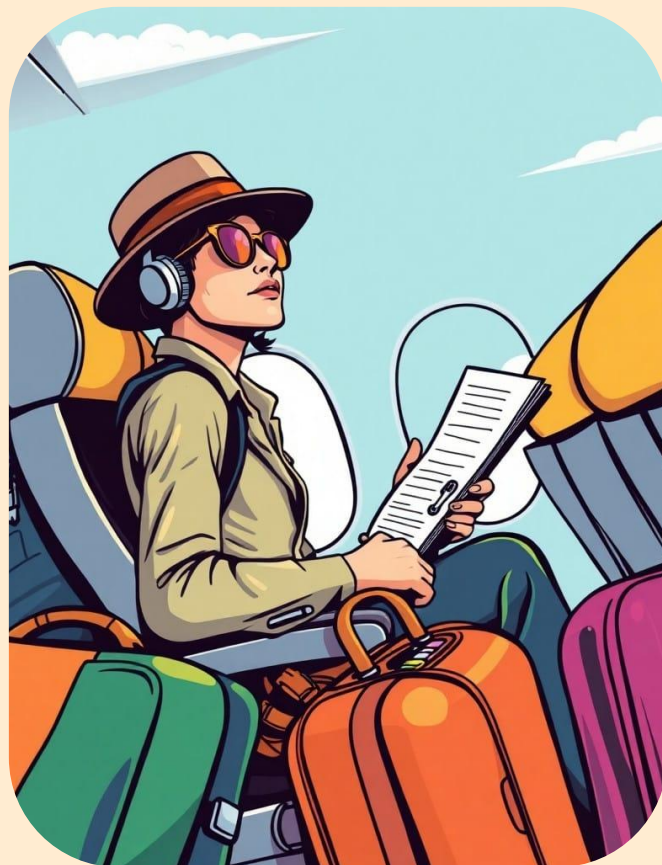
Inactive or Canceled Customers: Those who canceled or did not book any trips received **Free Cancellation** perks.



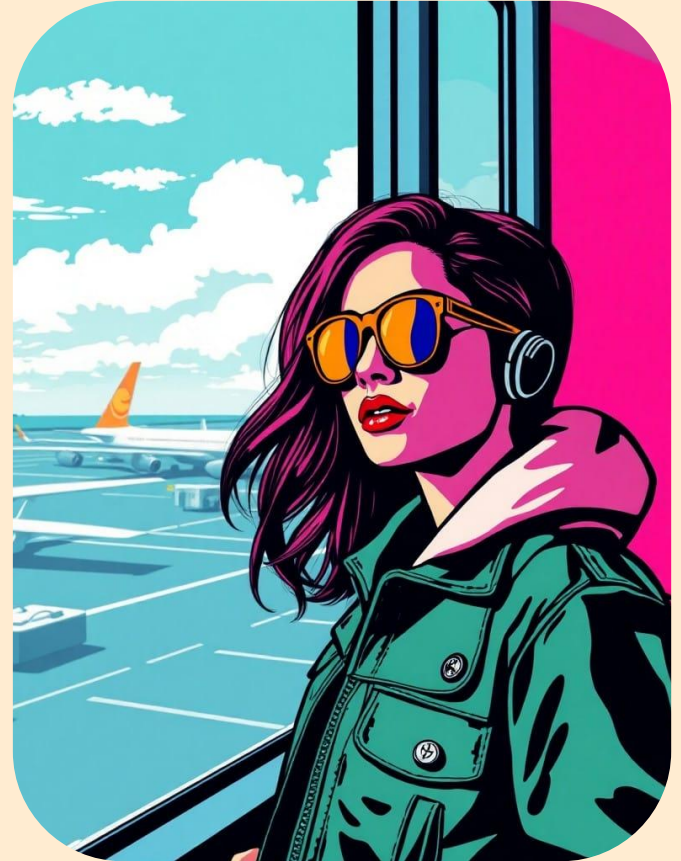
Discount-Oriented Customers: Customers using frequent discounts and operating on lower budgets were targeted with **Exclusive Discounts**.



Customers with longer trips: With longer trips and moderate spending, this group was given the **Free Night** perk.



Young Customers:
younger,
budget-conscious
travelers. These
customers would enjoy
Free Breakfast.



Older Customers: These customers value comfort and have higher luggage needs. We give them **Free Checked Bag**.



Average Customers:

These customers have an average age, trip length and are moderate spending behaviour. We assign a **Free Meal** to this cluster.



Limitations

Assumption-Based Segmentation: Uncertainty about how customers will respond to proposed perks.

Potential Missing Insights: Example – Some customers may have one session per year resulting in a high-value booking.

Cohort Testing Needed: Consider testing different customer cohorts for more accurate results.

05

Recommendations

Further Steps

- **A/B Testing:** Running controlled experiments to gauge the effectiveness of each perk and adjust the segmentation strategy accordingly.
- **Classification Models:** Using customer response data to build predictive models that can further refine the segmentation.
- **Additional Data Collection:** Gathering more detailed customer information—such as whether a traveler is a business or private traveler—could help tailor the perks more precisely.

THANK YOU