TravelTide Customer Segmentation

AGENDA

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.

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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

Exclusive Discounts

Free Cancellation

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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)

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Customer Segments

Vision

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High-Spending Customers: Identified by high overall trip expenses; these customers were assigned VIP-Lounge perks.
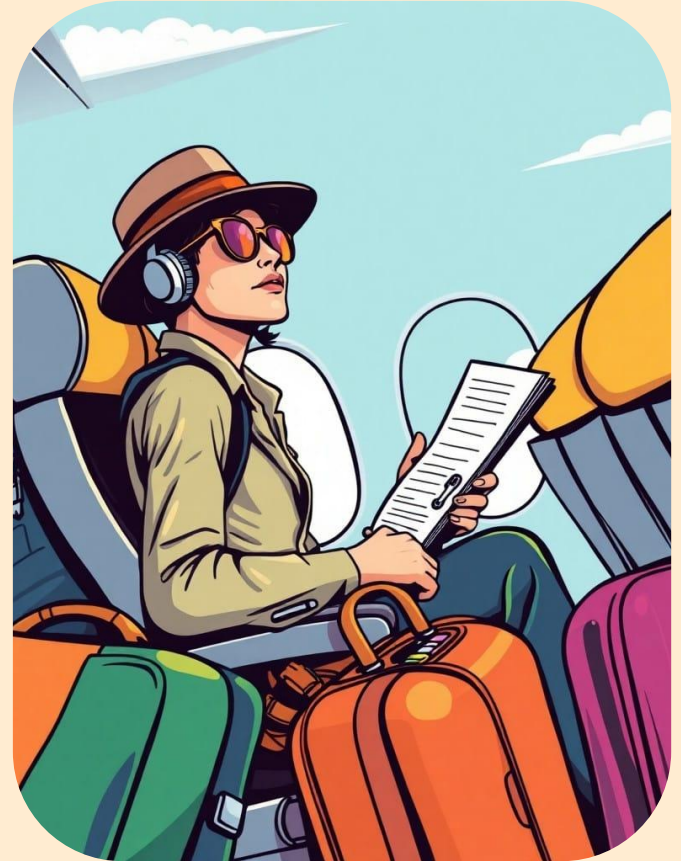
Inactive or Canceled Customers: Those who canceled or did not book any trips received Free Cancellation perks.

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.

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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