

TravelTide Rewards Program

Giovani Goltara

February, 17th, 2025

Executive Summary: Customer Segmentation for Personalized Perks

Introduction/Background

To enhance customer engagement and retention, our analysis aimed to segment travelers based on their behavior and assign personalized perks that align with their needs.

Objectives

- Develop a **data-driven segmentation** model to optimize perk distribution.
- Improve **customer satisfaction** through tailored travel benefits.
- Enhance **marketing effectiveness** by identifying key traveler personas.

Methodology

- Analyzed customer **booking behaviors, spending patterns, and engagement levels**.
- Applied **rule-based segmentation logic** to assign perks dynamically.
- Verified insights using **exploratory data analysis** in Tableau.

Key Findings

- Six distinct **traveler personas** emerged, each aligning with a specific perk.
- Personalization leads to **higher engagement and loyalty**.
- A **tiered perk assignment** ensures the most valuable customers receive premium benefits.

Recommendations & Next Steps

- **Refine Perk Allocation** – Use A/B testing to validate perk effectiveness.
- **Tailor Marketing Strategies** – Create targeted campaigns based on traveler personas.
- **Continuous Monitoring** – Regularly update segmentation with new behavioral data.
- **Next Steps:** Implement recommendations and track impact on customer engagement.

Customer Segmentation for Personalized Perks: Detailed Report

1. Introduction & Background

Customer engagement is a key driver of retention and lifetime value in the travel industry. Personalization through perks is an effective way to increase customer satisfaction, encourage repeat bookings, and improve brand loyalty. This project aimed to develop a **data-driven segmentation model** that ensures perks are allocated based on **customer behaviors and preferences**.

2. Objectives

The primary goals of this analysis were:

- **To identify distinct customer personas** based on travel behavior, spending habits, and engagement.
- **To assign personalized perks** that align with each segment's needs and preferences.
- **To optimize marketing strategies** by tailoring promotions and communications.

3. Methodology: From Data to Segments

To achieve these objectives, we followed a **structured data-driven approach** that involved **feature engineering, segmentation rule creation, and perk assignment** using a logical prioritization strategy.

3.1 Data Preparation & Feature Engineering

Before segmentation, we prepare the data to frame a cohort that represents our current customers. We framed the sessions that started after January, 4th, 2023 and users who had 7 or more sessions during that period. **5998** customers represented the final cohort.

3.2 Data Analysis & Exploration

To establish meaningful segmentation, the following key factors were analyzed:

- **Booking frequency & travel patterns** (e.g., frequent vs. occasional travelers).
- **Spending behavior** (e.g., high-value customers vs. budget-conscious travelers).
- **Perk engagement history** (e.g., which benefits customers use and value).

Using **Tableau** and exploratory data analysis, we identified clusters of customers who exhibited similar behaviors.

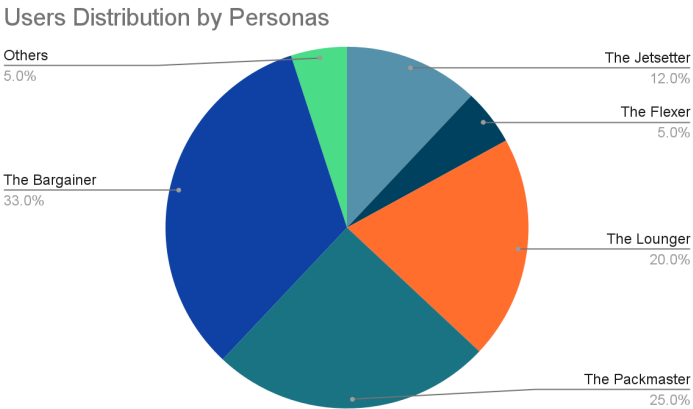
3.2 Segmentation Logic & Perk Assignment Process

Key Rule: A customer can receive only one perk, assigned in priority order. As soon as a customer meets a perk’s criteria, the process stops. This ensured that customers were **assigned to the highest-priority perk** that matched their characteristics.

Priority	Perk Assigned	Criteria (Key Metrics Used)	Persona
1	1- Night Free Hotel with Flight	High total spend & high engagement	The Jetsetter
2	No Cancellation Fees	High cancellation rate or business traveler (short trips, travels mostly weekdays and high spending)	The Flexer
3	Free Hotel Meal	Long-stay travelers and frequent hotel bookings	The Lounger
4	Free Checked Bag	High checked bag usage or bookings for family	The Packmaster
5	Exclusive Discounts	High discount sensitivity (many bookings made with discount or high value of discount given) or travelers who have high engagement but low booking rates (ensures to include the customer who compare and take longer time to take decision)	The Bargainer
6	10% Discount	If none applies, we recommend offering the default discount.	

Why This Order?

This ranking **ensures that high-value and high-engagement customers receive the most impactful perks** while casual travelers still get an incentive.



5. Recommendations & Next Steps

5.1 Recommendations

- **Refine Segmentation Over Time** – Continuously update metrics as new customer behavior emerges.
- **A/B Test Perk Effectiveness** – Compare different perks within each segment to optimize engagement.
- **Incorporate Machine Learning for Dynamic Segmentation** – Move from rule-based to ML-based segmentation for real-time adaptation.
- **Expand Beyond Perks** – Use segmentation insights for **personalized marketing, pricing strategies, and loyalty programs**.

5.2 Next Steps

- **Deploy segmentation model in a test phase** and measure impact.
- **Monitor changes in customer behavior** to refine segmentation logic.
- **Leverage insights to create hyper-personalized experiences** in booking platforms and apps.

6. Conclusion

This segmentation approach provides a **scalable and strategic way** to enhance customer satisfaction through personalized perks. By assigning perks **based on customer behavior and value**, businesses can **maximize engagement, increase retention, and optimize marketing spend**.