Executive Summary: TravelTide Customer Segmentation Analysis by Hakim Murphy - 21/4/25

Objectives
Identify distinct customer segments based on travel behavior, personalize rewards and marketing strategies, and increase customer retention, satisfaction, and revenue.

Methodology
We used a data-driven approach combining:
- Principal Component Analysis (PCA) to reduce feature complexity
- K-Means Clustering to group customers by behavioral patterns and preferences

Key Findings
Three clear customer segments emerged:
1. High-Value Occasional Travelers: Less frequent travelers who spend more and prefer perks like checked bags and comfort.
2. Frequent Travelers: Mid-spend, regular users who value flexibility and deals.
3. Infrequent Travelers: Price-sensitive users with low booking frequency and variable spend.

Key variables driving segmentation included booking frequency, spend, age, and perk usage.

Recommendations
-Targeted Campaigns:
   • High-Value Travelers: Emphasize premium perks (upgrades, lounge access)
   • Frequent Travelers: Focus on flexible deals and discounts
   • Infrequent Travelers: Use aggressive promos to stimulate interest
- Product Personalization:
   • Match perks (e.g. free checked bags) to segment preferences
   • Create segment-specific travel packages
- CRM(Customer Relationship Management) Enhancement:
   • Personalize communications and rewards

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- Implement a robust loyalty program
- Continuously gather feedback to refine strategies

Next Steps
- Launch A/B tests on targeted offers
- Monitor KPIs (conversion rate, CLV, NPS)
- Iteratively update segmentation models as data grows

Conclusion
By turning raw customer data into actionable segments, TravelTide can deliver more relevant experiences, increase retention, and ride the wave of post-pandemic travel growth with confidence.