

TravelTide Executive Summary

Objective:

TravelTide, founded in April 2021, aims to address customer retention challenges by implementing a **personalized rewards program**. Leveraging its industry-leading data aggregation and search technology, the company seeks to tailor perks to customer preferences, fostering loyalty and engagement.

Leadership:

The initiative is spearheaded by **Elena Tarrant**, Head of Marketing and a specialist in customer retention strategies.

Project Objectives

- Validate customer interest in proposed perks.
- Enhance retention through data-driven, personalized rewards.

Methodology

1. **Data Cleaning:** Ensured accuracy, handled outliers, and focused on meaningful customer cohorts.
2. **Exploratory Data Analysis:** Analyzed demographics and booking behaviors.
3. **Feature Engineering:** Created metrics including:
 - Age Buckets (e.g., 17–25, 26–35).
 - Travel Frequency (Rare, Occasional, Frequent).
 - Spending Categories (Budget vs. Luxury).
 - Trip Details (return flight habits, length of stay, flight distance).
4. **Clustering:** Used KMeans to segment customers into groups based on shared characteristics.
5. **Perk Assignment:** Mapped rewards to segments using fuzzy segmentation for precision.

Customer Segments and Suggested Perks

1. **Family-Oriented Travelers:** Free hotel meals, free checked bags, 1-night free hotel with flight.
2. **Frequent Travelers:** Free checked bags, exclusive discounts, no cancellation fees.
3. **Budget-Conscious Travelers:** Exclusive discounts, free hotel meals, 1-night free hotel with flight.
4. **High-Value Travelers:** Exclusive discounts, 1-night free hotel with flight, free checked bags.
5. **Flexible/Last-Minute Travelers:** No cancellation fees, exclusive discounts, free checked bags.

Conclusion

The segmentation analysis provides actionable insights to develop a **personalized rewards program** that enhances satisfaction, retention, and revenue. By aligning perks with customer needs, TravelTide can:

- Improve loyalty through targeted offers.
- Drive engagement and conversions with relevant perks.
- Strengthen its competitive position in the e-booking market.
- Focus resources on high-value and high-potential customer segments.

Strategic implementation, ongoing monitoring, and iterative refinements will ensure the program's success and long-term growth for TravelTide.

Recommendation/Next Steps

1. **Launch Rewards Program:** Roll out the personalized rewards program to targeted customer segments.
2. **A/B Testing:** Conduct A/B tests to compare the effectiveness of different perks and delivery methods across customer segments.
3. **Test Hypotheses:** Validate assumptions about customer preferences and perk impact by analyzing program performance metrics.
4. **Monitor Customer Response:** Collect feedback and track engagement, retention, and satisfaction metrics.
5. **Refine Perks and Segmentation:** Continuously adjust perks and segmentation models based on insights from data and testing.

By incorporating A/B testing and hypothesis validation, TravelTide can ensure the rewards program is optimized to meet customer needs and drive sustained growth.